

## In Berlin, Clinton Sees Symbol of EU Unity

**President Praises Kohl And Calls for Support Of 'Russian Revolution'**

**BERLIN** — President Bill Clinton called on the European Union on Wednesday to open up to Turkey and declared that Europe must support Russia on its road to reform.

The president also offered a glowing endorsement of Chancellor Helmut Kohl, who is battling to remain in power. In what aides billed as a major foreign-policy address from the Schaeublehaus, a theater in the former East Berlin, Mr. Clinton saluted Mr. Kohl's economic program as a "far-sighted, courageous course."

In a speech here as part of ceremonies marking the 50th anniversary of the Berlin airlift, Mr. Clinton described the reunited Berlin as "a symbol of what all Europe is trying to become."

The president said that for European unity to work, Russia must become fully democratic. "We have an enormous stake in their success," he said. "Russia is literally recreating itself. We must support this Russian revolution."

Mr. Clinton also called on the EU to open up to Turkey as it has to Eastern European states.

The EU has refused to put Turkey on a list of possible candidates for membership. Germany has been especially cautious because of the large number of Turkish immigrants on its territory.

Mr. Clinton was earlier greeted with full military pomp at Sans Souci Palace, the former summer home of Frederick the Great, who signed the first friendship treaty with the new United States in the early 1780s.

Mr. Clinton warned that despite the progress Europe had made, "many challenges remain," referring directly to the "fragile peace" in Bosnia and the ethnic strife in the Serbian province of Kosovo.

"And so, my friends, 1998 no less than 1989 demands our boldness, our will and our unity, to finish the work we have started," he said, referring to the year the Berlin Wall fell.

Mr. Clinton gave Mr. Kohl, who is in the midst of a difficult re-election campaign, a strong vote of support when he said Germans would eventually realize that he is "on the right side of history."

He praised Mr. Kohl for advocating economic and monetary union in Europe in the nine years since the fall of the Berlin Wall.

"This magic moment did not simply arrive, it was made and made largely by the vision and determined leadership of Germany and its chancellor," Mr. Clinton said.

He said that while Germans may not fully realize what Mr. Kohl had accomplished, "you are clearly on the right side of history."

"America honors your vision and achievement and is proud to march with you into the new millennium," Mr. Clinton said.

Mr. Kohl is running for re-election in September for a four-year term that

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President Bill Clinton and Chancellor Helmut Kohl listening to national anthems Wednesday during a ceremony at Neues Palace in Potsdam.

## Ignoring Wide Criticism, India Conducts More Tests

**Nuclear Series Now Complete, New Delhi Says**

By Kenneth J. Cooper  
Washington Post Service

**NEW DELHI** — India on Wednesday conducted two more underground nuclear tests, disregarding international condemnation of its detonation of three nuclear devices Monday at the same site near the border with Pakistan.

Indian officials denied that the new tests were meant as a signal of defiance to world opinion, but Pramod Mahajan, an aide to Prime Minister Atal Bihari Vajpayee, sent a more nationalistic message for domestic consumption during a briefing with Indian reporters.

"This says we will do what we want to do. We don't bother about threats," he said, adding, "The news of the day is, 'India Defies World Opinion.'"

The coalition government of Prime Minister Vajpayee said that the additional tests were conducted to "generate additional data for improved computer simulation" of different weapon designs and to enable the nation's scientists to perform atomic experiments that do not create an ongoing chain reaction.

"This completes the planned series of tests," the government said in a statement released with considerably less fanfare than Mr. Vajpayee's announcement of Monday's testing at a news conference.

The two explosions, at about noon at the Pokhran testing site about 330 miles (530 kilometers) southwest of the capital, were said to have released a force less than 1,000 tons of TNT. Brajesh Mishra, Mr. Vajpayee's top aide, described the devices detonated as "low yield." No radioactivity was released into the atmosphere, according to the government statement.

Mr. Mishra said in an interview that the latest tests were scheduled a month ago at the same time as those conducted Monday and were not intended as a rebuff to international criticism, including that of President Bill Clinton.

"It is not a question of defiance," Mr. Mishra said. "None at all."

The Hindu nationalist Bharatiya Janata Party, or BJP, that leads Mr. Vajpayee's coalition government had promised in recent political campaigns to "exercise the option to induct nuclear weapons," but its decision to conduct India's first nuclear tests since 1974 has stunned international leaders who hoped

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## Pakistan Wants Crackdown

**Scale of World's Reply to Guide Islamabad's Atomic Plans**

By Stephen Kinzer  
New York Times Service

**ISLAMABAD**, Pakistan — Pakistani leaders demanded Wednesday that the United States and other world powers act decisively to isolate India after its five nuclear tests this week. They indicated that the forcefulness of the world's response would shape their decision on whether to detonate nuclear bombs of their own.

Cabinet ministers and senior opposition figures joined in asserting that the nuclear tests pose a crucial challenge to the world community, which they believe has long favored India in its decades-old rivalry with Pakistan.

They want to see India turned into a pariah state like Iraq, effectively expelled from the community of law-abiding nations.

If foreign powers do not react strongly enough, officials suggested in interviews and speeches, Pakistan may follow India's example and become a declared and active nuclear power.

That could further destabilize what has suddenly become the world's newest zone of atomic confrontation.

"It depends on how effectively the United States, Japan and other actors deal with this whole scenario," Foreign Minister Gohar Ayub Khan said in an interview. "This has upset the whole geopolitical and strategic structure of the Indian Subcontinent and all of South Asia. Just a rebuke and a couple of weeks of posturing is not going to be enough."

Mr. Khan said the first test of the how seriously the world will react would come this weekend at the Group of Eight summit meeting in Britain, at which leaders of the most powerful industrial democracies will discuss what measures to take against India.

"We will see there," he said. "This will reveal the situation."

In a speech to the Senate before being interviewed, Mr. Khan asserted that India's nuclear tests show "he-

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## Riots Flare in Jakarta as Students Are Mourned

Compiled by Our Staff From Dispatches

**JAKARTA** — Rage over the killings of six students exploded into fresh violence Wednesday as thousands rampaged across Jakarta. Clashes with Indonesian security forces left at least one dead, but some reports from witnesses put the toll at 10.

As unrest flared across the capital and several major cities, President Suharto was reported to have cut short a visit to Egypt with plans to return home on Thursday, an Egyptian official in Cairo said.

A member of the Indonesian delegation refused to confirm the report, saying only, "It depends on the situation."

Witnesses said the latest violence broke out after a huge but mostly peaceful memorial service for the dead students at Trisakti University, the site of the shootings on Tuesday.

High-profile opposition leaders, including Megawati Sukarnoputri, the daughter of Sukarno, the founding president of Indonesia, joined the mourners. "We are a people who love peace," Mrs. Megawati said. "But what we want most is our right to freedom."

Washington calls for political reform. Page 5.



Indonesian students wiping their eyes after being hit with tear gas Wednesday in Jakarta, left. President Suharto, above, was reported to have decided to cut short a visit to Cairo on Wednesday after violent protests shook Jakarta.

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## AGENDA

### Albright and Netanyahu Start Key Talks

**WASHINGTON (AP)** — Secretary of State Madeleine Albright and Prime Minister Benjamin Netanyahu of Israel met for 90 minutes Wednesday in an effort to rescue negotiations with the Palestinians on the future of the West Bank. There was no word of progress, but lower-level officials kept talking.

Mrs. Albright made no statement

### Legislators Attack EU Deal on Banker

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## Indonesian Unrest Sends Chill Across Asia Markets

By Philip Segal  
International Herald Tribune

**HONG KONG** — Unsettled by riots in Indonesia, rising interest rates and a weakening Japanese yen, Asian stock and currency markets turned in one of their worst days of 1998 on Wednesday, reserving especially harsh treatment for companies controlled by the children of President Suharto of Indonesia.

The 6.6 percent plunge in the Indonesian stock market, as well as a 6.3 percent fall in the value of the rupiah, came after Indonesian troops opened fire on anti-Suharto demonstrators on Tuesday, killing six of them. The persistent violence in Indonesia has continued to stoke fears of a collapse of the country's social fabric, after the economic meltdown that has taken place over the last 10 months.

Just across the water from Jakarta, stocks in Singapore took a beating, as the benchmark Straits Times Index fell by 4.86 percent, or 68.07 points, to 1,331.98.

"People are linking Singapore's fate very much to that of Indonesia," said the head of sales at a Singapore brokerage. "It wouldn't surprise me if worst-case scenarios are running through investors' minds: hundreds or possibly thousands of boat people landing in Singapore."

Shares in companies controlled by the children of President Suharto were savaged. Bimantara Citra, a conglomerate controlled by one of Mr. Suharto's sons, fell by 16.6 percent. PT Citra

**The Dollar**

New York	Wednesday @ 4 P.M.	previous close
DM	1.779	1.7757
Pound	1.4435	1.433
Yen	134.155	133.95
FF	5.9665	5.954

**The Dow**

Wednesday close	previous close
+50.07	9211.84
	9161.77

**S&P 500**

Wednesday @ 4 P.M.	previous close
+3.07	1118.86
	1115.79

Marga Nuphala, a toll-road operator controlled by Mr. Suharto's oldest daughter, who is also a member of his cabinet, fell by 14.3 percent on Wednesday.

On Wednesday in Jakarta, protesters pulled Timor cars, produced by a company owned by President Suharto's

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## Marcos Family Big Winners in Philippine Elections

By Don Kirk  
International Herald Tribune

**MANILA** — For the family of the late President Ferdinand Marcos, election day has emerged as a turning point in its drive for renewed power and respectability in the Philippines, and aides are now openly talking of a possible presidential pardon for his widow, Imelda.

On Wednesday, two Marcos children celebrated strong victories in the local and regional voting Monday, and the presumed next president, Joseph Estrada, con-

firmed that he would not renew the national commission investigating allegations of Marcos graft but would transfer its powers to the federal Justice Department.

The Presidential Commission on Good Government has been seeking for the last 12 years to recover what it estimates to be at least \$1.5 billion allegedly diverted to family use from government funds during Mr. Marcos's 20-year presidency, which ended in 1986.

The commission, which was renewed once by the current president, Fidel Ramos, has been widely criticized for ineffectiveness. It will expire this summer unless it is renewed by the new president.

Mr. Estrada, once a supporter of the Marcos government, told The Associated Press on Wednesday that he would grant the Justice Department "only one year to solve everything" concerning the Marcos wealth.

Given the slow pace of the Filipino court system, the time limit means that questions about the Marcos wealth may never be fully answered.

Mrs. Marcos was ecstatic, but the head of the Commission on Good Government left no doubt that he believes she dropped out of the presidential race

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## U.S. Penalties On India Get Scant Support

By Brian Knowlton  
International Herald Tribune

**WASHINGTON** — President Bill Clinton formally ordered broad sanctions against India on Wednesday and other countries joined him in condemning two new nuclear tests by New Delhi that came as the dust of diplomatic outrage was still settling from three tests earlier in the week.

It is imperative that we make clear our categorical opposition," Mr. Clinton said during a visit to Germany. "We will ask other countries to do the same."

But even as Japan announced sanctions of its own, other major powers — including Britain, France and Russia — said they would not go along.

Mr. Clinton's host, Chancellor Helmut Kohl, said that the nuclear tests were "wrong" but that any decision on German sanctions would require study.

Britain and Japan have said they will raise the issue at the Group of Seven economic summit meeting that opens Friday in Birmingham, England.

With concerns rising that Pakistan might reply to the Indian tests with nuclear tests of its own, Mr. Clinton sent the deputy secretary of state, Strobe Talbott, to Islamabad on a mission of dissuasion.

"The president had a very constructive discussion with the prime minister of Pakistan and as a result of that discussion a mission is going to be sent to Pakistan," the State Department spokesman, James Rubin, announced.

The mission will include General Anthony Zinni, who commands U.S. forces in the Middle East and southwest Asia.

Meanwhile, with the president in Europe, his administration came under sharp attack in Congress for its Asian policies.

Newt Gingrich, the House speaker,

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THE AMERICAS

# Immigrants Given Back Benefits

## In a Retreat, Senate Votes to Restore Food Stamps to 250,000

By Lizette Alvarez  
New York Times Service

WASHINGTON — The Senate has voted to restore food stamps to a quarter of a million legal immigrants and refugees, reversing a provision of the 1996 welfare overhaul law.

The restoration was part of an agreement Tuesday between the two chambers and is expected to pass the House. It would be the second time in a year that Congress has backtracked on the landmark welfare law, which has been criticized as unduly harsh to immigrants.

The measure passed overwhelmingly, 92 to 8, despite a Republican broadside from Senator Phil Gramm of Texas, who contended that it would lure immigrants to the United States for the wrong reasons. Lawmakers have been under considerable political pressure from President Bill Clinton.

Republican governors and immigrant groups to restore some aid to legal immigrants since the welfare law cut them off the rolls.

Last year, Congress voted to reinstate Medicaid and Supplemental Security Income to some immigrants as part of the balanced-budget agreement, but food stamps were not part of the package.

The House is expected to take up the provision in the next few weeks, as part of a larger agricultural research and crop

insurance bill. It faces slight opposition among conservatives who object to both the food stamp and agricultural research provisions.

"With this action, we have reaffirmed our compassion and our priority for taking care of the most vulnerable in our society," Senator Tom Harkin of Iowa, the ranking Democrat on the Agriculture Committee, said in his opening remarks. "The bill takes a major step toward fulfilling a promise that was made by our president and many of us here in the Congress on both sides of the aisle to correct inequities made in the 1996 Welfare Reform Act."

The provision, which would cost \$816 million over five years, would restore food stamps to about 250,000 legal immigrants — children, the elderly and the disabled — who were dropped from the program in 1996.

The measure would be paid for in large part through cuts in what the federal government pays states to run the food stamp program.

To qualify for the nutrition benefits, immigrants must have been living in the United States on Aug. 22, 1996, the day Mr. Clinton signed the welfare overhaul law. Those who arrived after that date would not be entitled to food stamps.

The measure would also enable refugees and people who have received

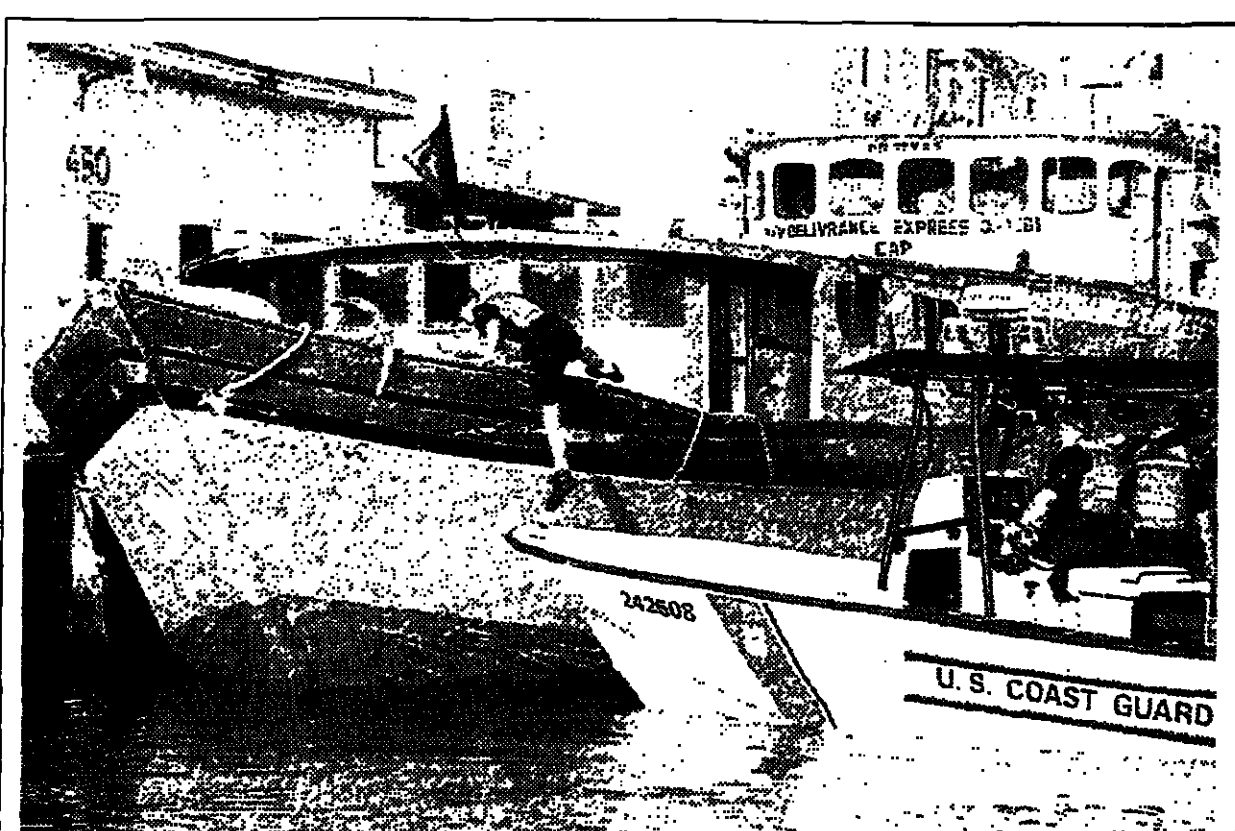
asylum in the United States to receive nutrition benefits for seven years, instead of five. Refugees are in a separate category from legal immigrants because they are classified as victims of political persecution.

Before the welfare overhaul, legal immigrants constituted 1.8 million of the 25 million food stamp recipients, a number that dropped to about 800,000 after the bill became law.

The sharp drop in the number of legal immigrants entitled to benefits, many of whom had lived and worked in the United States for years, prompted sharp criticism from immigrant groups who asserted that noncitizens had been unfairly singled out. The nation's governors joined in the campaign, fearing they would have to shoulder a larger share of the financial burden.

The president, responding to the outcry, promised to work to restore many of the lost benefits. And Republicans, concerned about further alienating Hispanic voters, agreed to revisit the welfare legislation, one of their proudest achievements in 1996.

Last week the Physicians for Human Rights drew attention to a new study showing hunger among immigrants in three states at "alarmingly high" levels. The group urged Congress to pass the food stamp provision.



A Coast Guardsman leaping onto a freighter that took 160 illegal Haitian immigrants to central Miami.

### Away From Politics

• About 160 suspected illegal immigrants from Haiti leaped off a freighter on the Miami River, near central Miami, setting off a scramble by U.S. agencies to capture as many as possible, officials said. Customs agents, called to the scene, saw dozens of people leaping off the boat, some directly onto shore and others into the water. (Reuters)

• A federal judge in the Oklahoma City bombing case sent a clear signal that he will take a tough stance when sentencing Michael Fortier, a prosecution witness, for his role in the April 19, 1995, blast that killed 168 people. U.S. District Judge G. Thomas Van Bebber established a sentencing range of 14 to 17½ years, ruling that Mr. Fortier should have foreseen that his actions could have contributed to the bombing conspiracy. He will formally sentence Mr. Fortier on May 27. (WP)

• Trying to put the brakes on a New York taxi drivers' revolt, a furious Mayor Rudolph Giuliani promised that cabbies who try to close down the city could lose their drivers' licenses, ownership permits and face arrest. The mayor told a City Hall news conference that he was not concerned about Wednesday's "yellow flu" work boycott, which was followed by an estimated 80 percent of drivers. But he said he would crack down hard on taxi drivers who violate the law in a planned bumper-to-bumper protest drive from Queens to City Hall on May 21. (AP)

• A conductor who saw a child lying in the path of his slow-moving freight train saved her life by kicking the 19-month-old girl out of the way. Robert Mohr, a Norfolk Southern conductor, and Rod Lindley, the engineer, saw the child on the tracks in Lafayette, Indiana, but were unable to fully stop their 96-car train before it reached her. With the train moving about 10 mph, Mr. Mohr grabbed a railing in front of the engine, leaned over and kicked the child from its path. (AP)

# Hype and Hoax in the New Journalism

## Magazine Writers Tempted to Make It Up When the Pressure Rises

By Howard Kurtz  
Washington Post Service

WASHINGTON — Not long ago, Stephen Glass, a New Republic writer, was having lunch with a journalist friend who cautioned him about all his freelance contracts with high-powered magazines.

"Glass, you're going to blow up at some point," the friend recalled saying. "You can't turn out this much copy. It's just not possible."

The explosion came last weekend when the New Republic fired the Mr. Glass, 25, for fabricating the characters in a piece in the issue dated May 18 about a teenage computer hacker. Friends and colleagues were in tears at a staff meeting Monday. They are still stunned that Mr. Glass devised a phony voice-mail recording for the fictional company he invented, along with a bogus corporate Web

site on America Online — in which Mr. Glass even included scathing criticism of his own article.

The fiasco has thrown a harsh spotlight on a small but high-profile group of young writers who are skipping the bush leagues and jumping straight to the majors. And a mecca for these journalists is Washington, a place that many magazine editors consider dull unless writers bring it to life with "attitude" and "voice," thereby generating the all-important element of buzz.

"Journalism didn't use to appeal to people who wanted to become famous," said Charlie Peters, editor of Washington Monthly, who for three decades has hired and coached promising young journalists. "Now you've got people drawn to Washington who used to be drawn exclusively to New York or L.A. — Washington

journalism has become another path to becoming famous."

The Glass episode raises deeper questions as well: Why would anyone risk a thriving career by making things up? Why wasn't Mr. Glass, who was also writing for Harper's, George and Rolling Stone, caught earlier? Is the magazine world more fixated on hot copy than factual reporting?

Mr. Glass was part of a symbiotic culture in which prestigious but unprofitable Washington magazines hire reporters for modest pay and encourage them to moonlight for affluent New York magazines. The Manhattan glossies gain entrée to the capital without having to pay full-time salaries, and the young hot shots find themselves juggling multiple jobs.

"Everyone in journalism wants to make as much money as the lawyers and various other people they write about," said Rich Blow, Washington editor of George magazine, which terminated Mr. Glass's contract Tuesday.

Tucker Carlson, a 28-year-old reporter for the Weekly Standard, said: "The pressure I see is to turn out only hit pieces and take down someone big. I've certainly felt it. They make a louder bang when they go off."

But there is still a wide chasm between hype and hoax. The most notorious young journalist of an earlier generation was Janet Cooke, the former Washington Post reporter who won a 1981 Pulitzer Prize for a bogus story about an 8-year-old heroin addict named "Jimmy." The Post returned the prize after Ms. Cooke admitted fabricating the story; she later said she was desperate to get off the paper's Weekly staff.

Ambition seems to be a common thread. Ruth Shalit, a New Republic writer who ran into trouble at 24 for a series of plagiarism incidents, told George magazine: "When you're a young reporter, you're a little

overzealous, a little unhinged" and "a little audacious."

There have always been ambitious young reporters, but two decades ago it was exceedingly rare for 20-something writers to become Vanity Fair-level stars. Now that aging baby boomers make up much of the management class, they are constantly looking for Gen X journalists who can boost their hipness quotient. Fewer aspiring writers want to serve apprenticeships by covering murders or school board hearings.

"There's a big premium in the business now on being fresh, being zippy, being hip," said one Washington magazine editor. "There's a youth culture out there that's prevalent."

Marin Beiser, managing editor of GQ, said freelancers who write for several magazines could be a problem. "You end up not giving enough attention to any one story," he said.

The magazine terminated its contract with Ms. Shalit after determining she had bitten off more than she could chew. (GQ has never employed Mr. Glass, contrary to information supplied by the New Republic.)

For aspiring writers, however, the economics can be irresistible. Mr. Glass was being paid \$45,000 a year by the New Republic; some Weekly Standard writers earn \$30,000. But just one lengthy piece for a major New York-based magazine can fetch \$15,000 or \$20,000.

Jacob Weisberg, 33, a former New Republic writer who now works for Slate, cautions against reading too much into isolated examples of magazine malpractice. In any profession, he said, "you're going to have ambitious people who cut corners to get ahead."

"People who would make stuff up or plagiarize would do it regardless of the pressure to produce," he said. "I don't think it's rational. It comes from something deeper."

## AMERICAN TOPICS

### Truckers Pull Over for the Net

In the last year, hundreds of Internet booths have popped up in airports, malls, hotel lobbies and other public sites. Vendors of these public-access terminals hope people will not blink at paying up to 33 cents a minute to get a Net fix while they are on the road. So far, results are mixed.

But one place users definitely are not blinking is at truck stops, like Bruce's in Bakersfield, California, one of dozens now offering Internet terminals or simpler e-mail touch screens. With more drivers traveling with laptops and using e-mail and the Web, truck stops have begun advertising the Net services, along with their hot coffee and warm showers.

"We're swamped in the afternoons," Judy Marchbanks, a manager at Bruce's, told the Los Angeles Times. Jim Paar, 40, an independent trucker, said he used terminals like the one at Bruce's for up to an hour at a time, to browse the Web or check on the weather where he is headed. Usage of truck-stop terminals has exceeded expectations by 300 percent, a vendor said.

The terminals seem a natural for truck drivers, who are often gone for weeks at a time but need to stay in touch with headquarters and home. Bob Lee, president of a Tennessee chain of 130 truck stops, has terminals in 105 of those stops and wants them in the others. "I'm kicking as hard as I can to get them put in quickly," he said. "That's the 21st century."

### Short Takes

Declaring that vulgar language in school can provoke violence and corrodes the learning environment even when spoken in hallways between classes, Washington-area educators are moving to curb profanity on school grounds, and not just when expressed to teachers or administrators. The increased language policing can raise questions, however. For the uninitiated, notes The Washington Post, hallway conversations can be as bewildering as they are shocking. Students' conversations can be laced with four-letter words and racial and sexual slurs that are used sometimes as insults, other times as terms of endearment. Schools are having to decide whether a casual use of a word can be any more acceptable than when it is used to insult.

At the Gift Building, an office tower on Fifth Avenue in New York, the garbage bills kept rising until they hit \$10,000 a month. Now a different company provides the same service for \$950 a month. City officials credit their crackdown on a Mafia-run cartel that had rigged prices and denied customers any choice of haulers. The cartel inflated garbage fees in the city as much as \$400 million a year, prosecutors say. Last year, reports The New York Times, 14 company owners and three alleged mobsters were convicted of extorting payoffs. Since then, garbage removal costs have fallen by 30 percent to 40 percent.

A simple sentence in a New Yorker magazine profile of Walter Lord, historian of the Titanic, has caused a mini-tempest of its own. Referring to the evacuation of the ship, the article said, "Today, it's laughable to think that women and children would actually be waved first into those few lifeboats." Alex Beam, a Boston Globe columnist, felt that the sentence wrongly portrayed modern standards. So did most of the moralists he consulted. So did his mother. Have we sunk so low, he asked?

Brian Knowlton

### Clinton's Ride the Market Bulls

WASHINGTON — President Bill Clinton, who sometimes complains that he does not get the credit he believes he is due for the soaring economy, can at least take comfort in the latest news: His personal investments are doing just fine.

Apparently with a tug from the bull market on Wall Street, the first family saw their assets climb significantly in 1997 from the year before, financial disclosure forms released by the White House show. The disclosure statement shows the Clintons with holdings of \$1,262,018 to \$5,756,000, compared with \$760,000 to \$1.7 million a year before. The gains came largely in blind trusts in which the Clintons do not participate in decisions or even know in which stocks and bonds their money is invested.

Despite these gains, the Clintons' overall financial picture remains far from sunny, thanks to ever-rising legal bills. The disclosure forms show the Clintons with about \$3 million in outstanding bills to law firms, and sources familiar with their defense say this figure has risen markedly since the first of the year.

In contrast, Vice President Al Gore's disclosure form reveals an oddity: He is one of the few Americans in his income bracket who is not participating in the great stock market run-up of the 1990s. The Gore family, with total

assets ranging from \$770,000 to \$870,000, does not own stocks or mutual funds or have money managed for it in blind trusts. (WP)

### Burton Fends Off Democrats

WASHINGTON — Democrats on the House Government Reform and Oversight Committee failed Wednesday to oust Representative Dan Burton as head of a campaign fundraising investigation. But they vowed they would succeed in blocking immunity for four potential witnesses.

Mr. Burton, Republican of Indiana, used his chairman's powers to prevent the panel from even voting on the motion by Henry Waxman, Democrat of California. Mr. Burton also blocked voting on Mr. Waxman's alternative to curb Mr. Burton's authority to issue subpoenas. (AP)

### Quote/Unquote

Representative Jon Christensen, his fiancée at his side, commenting after finishing in third place in his bid for the Republican gubernatorial nomination in Nebraska: "Sometimes you learn more from a loss than a win, and I'm excited to see what the Lord has in store for us." (AP)

# Court Clears 2 in Texaco's Race-Tape Scandal

NEW YORK — Two former Texaco Inc. executives who had been caught on tape discussing the destruction of documents demanded in a racial discrimination lawsuit against the company have been found not guilty on charges they had attempted to obstruct justice.

The jury at federal district court in White Plains, New York, where Texaco is based, concluded Tuesday that there was not enough hard evidence against Richard Lundwall, the man who secretly recorded the meetings, and Robert Ulrich, the former treasurer of the big oil company.

At the time they were first disclosed, the contents of the

tapes, in which executives made disparaging comments about minorities at Texaco, prompted boycotts of the oil company and raised broader questions about whether corporate America had been paying mere lip service to promoting diversity in the workplace. Texaco responded by settling a race discrimination case out of court for \$176 million and creating a program to promote more minorities.

But the civil case also raised questions about potential criminal actions. Several passages on the tapes suggested that Mr. Ulrich and Mr. Lundwall had discussed hiding or destroying evidence sought by the employees who were suing the company for race discrimination.

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## INTERNATIONAL

## Bearing the Euro's Message of Stability to Washington

France's Socialist government seems to be seeking a closer dialogue with the Clinton administration, and Pierre Moscovici, the minister for European affairs, travels to Washington this week for talks. He spoke with Joseph Fitchett of the IHT about how Paris sees European trends.

Q. U.S.-French relations are polite but uneasy these days. You're one of a half-dozen cabinet ministers who are suddenly visiting Washington. Is this a fence-mending exercise?

A. There's a strong need for clarifying discussions between the United States and Europe and the United States and France because a lot is happening in our relations — for example, around the euro. I'm sure Americans understand that the euro is going to be a factor of stability in world markets. It moves us toward a multipolar system and shared leadership in global monetary affairs. The euro will make markets less vulnerable to speculation and that extra stability is welcome on both sides of the Atlantic.

## Q &amp; A / Pierre Moscovici, France's Minister for European Affairs

Q. Are you saying that the euro will be too big a currency for speculators to tackle?

A. In a technical sense, foreign exchange markets can shut down right now as far as the 11 currencies are concerned whose countries have joined the euro. Even though the national banknotes and coins are still out there, those currencies are effectively in the euro because we set their parities last week. So it's pointless to try playing off those currencies against each other. Notice that any currency speculation in Europe is directed at currencies outside the euro.

Secondly, the euro will be a reserve currency of an economy comparable to that of the United States, so it is likely to quickly play a major role in international trade.

Q. At what rate of exchange between the two?

A. Probably roughly the current parity, which has varied only slightly recently. Already, that reflects European governments' success in achieving economic convergence. It was a contributing factor in Europe's ability to emerge relatively unscathed from the economic turmoil in Asia, a benefit of the sort that we expect to see more and more as the euro gains importance.

Q. Is that your message to Japan about the euro's importance?

A. We're still worried, but we're also optimistic that the necessary reforms can be carried out by the Asian countries, notably Japan, perhaps faster than most people seem to expect. When that happens, we'll be evolving toward a monetary world with three poles — the dollar, the euro and an Asian currency.

Q. Haven't you sacrificed a lot for stability via the euro?

A. In Europe we've all decided that our economies only suffer from competitive devaluations and that we all gain by standing together. Nobody forced any country to join. We're pursuing this goal for more than 20 years, so we think that the worst shocks are behind us.

Q. But hasn't France already shown that it wants to make room for more political decisions in the future European Central Bank — and perhaps on occasion more inflation — by trying to impose Jean-Claude Trichet instead of Wim Duisenberg as the bank's first head?

A. Mr. Trichet, who will succeed Mr. Duisenberg, has been France's toughest anti-inflation fighter for 20 years. In that respect, the pair are identical twins. If anybody wanted inflation in Europe he now knows there's no hope of it for the next 12 years under these two central

bankers. So there was no problem of personalities, but there was an issue of principle. We want the central bank to be independent, but we also want the chairman to have a dialogue with political leaders — just as the chairman of the Federal Reserve does in the United States. Mr. Greenspan is independent, but he testifies to Congress, he talks to the president.

So we wanted to make the point that the head of the European Central Bank is appointed by the heads of state and government and not simply co-opted to the top job by other central bankers. It's true, too, that having a French head take over reasonably early in the new bank in Frankfurt does fit the pattern of a broad equilibrium in top European jobs that is healthy for the French-German relationship and the outlook for integration.

Q. The top job at the European Bank for Development and Reconstruction is open. Does France have to keep that job too?

A. The central bank job raised a ques-



Pierre Moscovici, going to America.

tion of fundamentals. In this job at the development bank, France has its candidate, but the context is different and fits essentially into the overall distribution I mentioned.

## BRIEFLY

## Palestinian Worker Killed in Jerusalem

JERUSALEM — A Palestinian worker was stabbed to death Wednesday in an Orthodox Jewish neighborhood here, apparently in revenge for the fatal stabbing of a seminary student in the Old City a week ago.

The worker, Khayri Alqam, 51, a father of nine, was stabbed in the back at 5:30 A.M. on his way to work in the Beit Yisrael neighborhood, a short walk from East Jerusalem. It was the sixth stabbing of Arabs in the Orthodox area in recent months, but the first in which the victim was killed.

## Canada Gets Tough

OTTAWA — Canada's Liberal government has unveiled tough steps to deal with violent youth, bowing to more than a decade of public protest that the country's rehabilitation-based laws are too soft.

Justice Minister Anne McLellan said that youths aged 12 to 17 who commit violent or repeat crimes would face harsher penalties, including adult sentences and possible public exposure. In addition, the media will have greater freedom to name youth offenders, particularly those who receive adult sentences.

(Reuters)

## Iraq Finalizes Plan On Aid Distribution

BAGHDAD — Iraq is nearly ready to submit its aid distribution plan under an extended "oil for food" deal, a UN official said Wednesday.

Eric Falt, a spokesman for the UN coordinator in Baghdad, said Baghdad was "very close" to sending its plan to the UN secretary-general, Kofi Annan. Mr. Falt added that discussions were continuing "in an atmosphere of honest cooperation" and that there were only a few questions in the plan remaining to be solved.

The UN Security Council has approved an increase in the value of the oil pact from the \$2 billion every six months to \$5.25 billion to buy food, medicine and other supplies to help offset sanctions.

## For the Record

The Peruvian Congress has voted to grant President Alberto Fujimori sweeping powers to pass emergency legislation against crime, a week after the machine-gun murder of a prominent gold miner.

The FBI said it would report its findings on a 1994 anti-Jewish bombing in Buenos Aires that killed 86 people to the Argentine government within a month.

## Vatican Under Fire

VATICAN CITY — A human-rights group urged Pope John Paul II

on Wednesday to confront the Roman Catholic Church's role in Rwanda's genocide.

African Rights, which is based in London, criticized the church for trying to protect the accused, rather than confronting the accusations, and for neglecting the survivors of the 1994 state-sponsored bloodbath.

"The Catholic Church cannot play a constructive role in Rwanda as long as it continues to provide sanctuary to genocide suspects," African Rights wrote in a letter to the pontiff. The Vatican had no comment.

(AP)

## Albright to Visit Hague Officials

WASHINGTON — Secretary of State Madeleine Albright will travel to The Hague to meet Friday with Dutch leaders and officials from the war crimes tribunal for the former Yugoslavia, the State Department announced.

Mrs. Albright will then go to London to join President Bill Clinton at the summit talks between the United States and the European Union in London on Monday. She will also accompany Mr. Clinton to Geneva to attend the celebration of

the 50th anniversary of the General Agreement on Tariffs and Trade.

In The Hague, Mrs. Albright will meet with Prime Minister Wim Kok and Foreign Minister Hans van Mierlo. She will also meet with Louise Arbore, chief prosecutor of the international war crimes tribunal for the former Yugoslavia and with officials from the Organization for Security and Cooperation in Europe, the International Court of Justice and the Organization for the Prohibition of Chemical Weapons.

The three-month Hong Kong Inter-

## CLINTON: President Urges EU to Open Door to Turkey and Calls for Support for Russia

Continued from Page 1

would see him leading Germany beyond 2000. After his speech, Mr. Clinton met with Mr. Kohl's rival in the elections, Gerhard Schroeder of the Social Democratic Party.

Mr. Clinton laid out a broad agenda for stabilizing Russia, leveling trade barriers, strengthening international institutions such as the North Atlantic Treaty Organization and ensuring that Europeans can "march toward greater unity" on economic, social and political fronts.

"Without the courage of ordinary people, the wall would not have come down and the new Europe would not be unfolding," he said.

"Now it falls to each of us to write the next chapter of this story. We must build a Europe like Germany

itself — whole and free." Mr. Kohl returned the compliment, thanking American companies for creating some 60,000 jobs in Germany.

Beyond free trans-Atlantic trade, Mr. Kohl said he also wanted to remove trade barriers within the European Union.

"We Germans will not accept a fortress Europe," he said.

The Clinton trip was planned around the annual meeting of the major industrialized nations: the United States, Canada, France, Germany, Britain, Italy, Japan and the newest member of the club, Russia. The leaders will convene this weekend in Birmingham, England.

The Continent is in the midst of extraordinary change, led by the formal agreement of 11 nations to launch a common currency that eventually will replace their national currencies, an experiment that will alter

the economic and political relationship within the EU.

Mr. Clinton is helping to commemorate an important chapter in the history of both countries, the Berlin airlift. Beginning in the spring of 1948, the United States launched a huge airlift of food and other supplies to break a road-rail blockade of Berlin established by the Soviet Union. The airlift ended more than a year later when the Soviets ended the blockade.

German leaders say the arrival of an American president is a significant moment for the country, but they recognize that the context today is far different than before the fall of the Berlin Wall. Now the relationship is built more around economic than security issues, as shown last week by the proposed takeover of Chrysler Corp. by Germany's Daimler-Benz AG.

(AP, AP, WP)

## MARKETS: Rising Rates and Indonesian Violence Shake Asian Stocks and Currencies

Continued from Page 1

youngest son, from a showroom, overturned the vehicles and tried to set them on fire, Reuters reported. They also broke into a branch of the Bank of Central Asia, which is owned by the Salim group, which in turn is headed by one of Indonesia's most prominent ethnic Chinese families and by some members of Mr. Suharto's family.

In Hong Kong, regional political turmoil and continued worries over the stability of the Hong Kong dollar and the Chinese yuan sent stocks plunging by 3.78 percent to their lowest level since the market slumped on Jan. 12. The benchmark Hang Seng Index fell 372.22 points, to 9,469.29.

The sharp fall in Hong Kong, which is now down 11.7 percent in the year to date, and continuing worries over China's slowing economy and shaky banking system may signal a new phase for Asian investors, who previously considered the stable currency environments of Hong Kong and China as relatively isolated from the perils of the Asian economic crisis.

"All the evidence from China points to a continued slowdown of economic activity. This is the last part of Asia where market perception has yet to coincide with reality," says the latest edition of Santander Investment's weekly report on Asian markets. Santander's model portfolio is heavily overweight in Hong Kong, slightly overweight in China, and heavily overweight in cash.

Alex Tang, head of research at Core Yamaichi Securities, blamed the heightened concern about the Hong Kong dollar on Wednesday on local reports of preparations by speculators to attack the currency.

The three-month Hong Kong Inter-

bank Offered Rate, which is what local banks charge one another to borrow money, rose to 8.5 percent, its highest level since Feb. 16, after reports in the Chinese media that hedge funds were again accumulating Hong Kong dollars, hoping to sell them and buy them back in the future at a lower rate.

There was also concern about the continuing weakness of the Japanese yen, Mr. Tang said. The weaker the yen, the worse is the outlook for Chinese exports, and the harder it could be for China to avoid devaluing its currency later this year or early in 1999.

■ New Worries Differ From 1997

Paul Blustein of The Washington Post reported:

Asia's financial markets, which appeared to be recovering smartly earlier this year from their devastating collapse in late 1997, have weakened anew in recent days.

Analysts and government officials agreed that the renewed turmoil differs from last year's crisis in that some of the afflicted countries — notably South Korea and Thailand — have accumulated large reserves of foreign currencies, and are thus in little danger of being unable to meet their international obligations.

But a U.S. official acknowledged that the markets' latest downward turns have worried global finance ministers. "You can safely say that the mood at the finance ministers' meeting over the

weekend was a bit more concerned than it had been previously," the official said, referring to the summit of leaders of the Group of Seven industrial countries.

The concern over Indonesia is much deeper than for other Asian countries, where bargain-hunting investors sent stocks soaring in January, February and March as a general consensus grew that the worst of Asia's troubles had passed.

A senior IMF official said Tuesday that he believed markets had become overenthusiastic about recovery prospects in Korea and Thailand a couple of months ago, and were now overreacting in a negative direction in response to evidence of the hardship the crisis is inflicting on companies and citizens.

## MANILA: Marcos Family a Big Winner in Philippine Elections

Continued from Page 1

two days before the voting and endorsed Mr. Estrada in order to win a big favor.

Magtanggol Gunigundo, the commission chairman, said, "You can be sure Mrs. Marcos is supporting Mr. Estrada in hopes of getting a pardon and return of all her assets."

It is unclear just how much Mrs. Marcos's withdrawal from the campaign contributed to Mr. Estrada, who has made no comment on a possible pardon. She contended that at least 2 million voters from Mr. Marcos's native region in northern Luzon supported Mr. Estrada.

"The Marcos dynasty is rising again," Mrs. Marcos said in an interview, savoring the success of her son and daughter in elections in the same northern province of Ilocos Norte that helped launch Mr. Marcos's political career

after World War II. Ferdinand Marcos Jr. was elected governor of the province and Imee Marcos was elected to the lower house of the national congress.

Mrs. Marcos happily acknowledged that the apparent election of Mr. Estrada means that prosecutors and investigators will face increasing difficulty in pursuing their quest for the hidden wealth that she and Marcos associates are accused of stealing.

At the very least, her aides said, she will probably never serve time in jail despite her graft conviction and 12-year sentence. She has been free during appeals of that conviction.

"I am not asking for a pardon," Mrs. Marcos said. But a family retainer, Lito Gorospe, who served as a press aide to Mr. Marcos, said in a separate interview: "Politics being politics, we're looking at a presidential pardon."

Noting Mr. Estrada's promise to dissolve the Commission on Good Government, Mrs. Marcos derided it as "the number one thief" and said it had been "selling properties, looting them and confiscating them."

The commission has looked into 137 cases of alleged Marcos corruption and in some of those involving real estate she was convicted on a charge of illegally transferring government funds that she said she needed for a government hospital.

Mr. Gunigundo, the commission chairman, estimated Marcos accounts in Switzerland at a minimum of \$540 million plus a total that he said "would not be less than \$1 billion here."

"I'm sure now there will be a little more justice and logic," Mrs. Marcos predicted.

## Aircraft Chartering and Leasing

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ASIA/PACIFIC

# In a Taunt at U.S., North Korea Suspends Nuclear Freeze Agreement

By Elisabeth Rosenthal

BEIJING — North Korean officials have announced that they are suspending their compliance with the 1994 nuclear freeze agreement that was intended to dismantle their country's nuclear program. U.S. officials have said the program was intended to produce weapons.

Protesting that the United States had failed to honor promises to send money and fuel oil, a high-ranking member of the North Korean government told a visiting academic Saturday that North Korea had recently decided to unseal a nuclear reactor that under the agreement was to have been closed permanently, and had also barred technicians from packing the last of the reactor's spent fuel rods for shipment out of the country. These rods contain plutonium that can be used in nuclear weapons.

Although North Korea's decision to reopen the plant, in Yong Byon, about 90 miles (145 kilometers) from the capital, Pyongyang, had no immediate effect, some arms experts called it an

ominous, symbolic action. "This is like somebody dusting off the old .45 and making sure that it shines, but not loading it," said Gary Millhollin, director of the Wisconsin Project on Nuclear Arms Control. "They're sending a clever signal in our direction saying, 'Remember, we can stop cooperating.'" Mr. Millhollin also said that the approximately 200 spare rods did not contain enough plutonium to pose a nuclear threat.

Under the 1994 agreement, North Korea pledged to dismantle its nuclear program in exchange for U.S. promises to build two light water reactors to generate electricity, to deliver 500 metric tons of oil annually. North Korea also promised to ease barriers to trade.

Although the United States has run into trouble raising the billions of dollars required to pay for these measures, it has repeatedly said it would carry out its side of the agreement.

But last Friday, North Korea's government-run Korean Central News Agency expressed deep displeasure with the pace of U.S. efforts, and hinted that the North Korean government

might restart its nuclear program. North Korea "should no longer lend an ear to the empty promises of the United States' side, but open and readjust the frozen nuclear facilities and do everything our own way," a statement from an unidentified Foreign Ministry official said.

And the next day, Foreign Minister Kim Yong Nam elaborated on the statement in a private two-hour meeting in Pyongyang with an American expert on Korea, Selig Harrison, of the Twentieth Century Fund.

According to Mr. Harrison, Mr. Kim said that on April 19 the North Koreans had opened up the previously sealed plant to "conduct maintenance on the reactor," and had also halted the "canning of spent fuel rods" from the reactor. Two hundred of the reactor's 8,000 rods have not yet been prepared, he said.

"We are keeping up our progress in implementing the nuclear freeze agreement, but the U.S. is behind," Mr. Kim told Mr. Harrison, who spoke with reporters in Beijing en route back to the United States. "So we have now decided to slow down and suspend certain aspects of the

agreement." He said that once the United States had a chance to "catch up," North Korea would resume cooperation.

The North Koreans contend that the United States is behind schedule in heavy fuel shipments and in its preparations to build the new reactors, to be completed by 2003.

The State Department said Saturday that the United States had lived up to its obligations, noting that even though oil shipments have been somewhat slow for the first part of the year, the stipulated quota would be met by year's end.

Anything that would happen to undermine the integrity of that agreement from the North Korean side or from the outside would be, in our view, extremely lamentable and regrettable," Thomas Pickering, the U.S. undersecretary of state for political affairs.

As to whether the North Korean action of reopening the reactor at Yong Byon threatened the agreement, a State Department official who spoke on condition of anonymity said that he had no information about the unsealing of the plant. He said that whether the act violates the agree-

ment depends on what those "maintenance activities are," whether they are "restarting the reactor or sweeping the floors."

He added that, according to the U.S. government's information, "the canning of the rods is essentially done," although he acknowledged that a small fraction of the rods — some in fragments — might remain.

North Korea has generally honored its commitments under the 1994 agreement, experts said, largely dismantling its nuclear program and lifting restrictions on trade with the United States.

But the course of the agreement has been bumpy. The United States has been unhappy with what it sees as North Korea's tepid attempts to improve relations with South Korea. North Korea, in turn, has been angered by what it regarded as the United States' halfhearted efforts to remove trade barriers — efforts that have so far been mostly limited to allowing phone and fax lines.

Despite the announcement, Mr. Harrison said that North Korean leaders had made some conciliatory statements during his talks.

## Washington Urges Suharto To Ease Grip

WASHINGTON — The United States says that Indonesia needs to undergo "political reform" if it is to have any hope of regaining stability. Washington's first public insistence that President Suharto loosen his iron grip.

But the White House has decided not to make those reforms a condition for continued U.S. support for economic aid to the country. A senior administration official said that "the aid is overwhelmingly humanitarian, and we believe it is in the interest of the Indonesian people that we go ahead with those programs."

In a statement issued Tuesday evening, Secretary of State Madeleine Albright said that Indonesia "needs to break the cycle of violence which appears to be emerging," and that "the United States deplores the killings" that left at least six students dead Tuesday after a protest in Jakarta.

The statement followed a day of internal debate within the administration in which several officials were clearly concerned that Washington is now, in the words of one, "too associated with Suharto."

But one official familiar with the Monday night White House strategy session said that there was no discussion of encouraging Mr. Suharto to leave office.



OUT THEY GO — A Malaysian policeman smoking a cigarette as he supervises the deportation of illegal Indonesian workers on Wednesday at Port Klang, near Kuala Lumpur. A total of 903 illegal workers were rounded up in the northern states of Penang and Perak and were sent back to Indonesia in three vessels.

## Seoul Wants to Invite Japanese Emperor

SEOUL — South Korea said Wednesday it would like to invite Emperor Akihito of Japan to visit, and that barriers to Japanese culture in the country could be lifted.

Foreign Minister Park Chung Soo of South Korea said that he would explore these and other issues on a visit to Japan next week that aims to improve ties between the countries.

President Kim Dae Jung, who spent time in Japan during his dissident days and speaks Japanese, would like to invite Emperor Akihito when he visits Tokyo in the autumn, Mr. Park said.

South Korea has banned Japanese music, movies, theatrical and cultural performances since the country was liberated from Japanese occupation at the end of World War II. (Reuters)

## China Leaders Urge Taiwan to Reunify

BEIJING — Leaders of China's ruling Communist Party have called on Taiwan to take more positive steps toward reunification with the mainland, the Xinhua press agency said Wednesday.

A three-day conference attended by Jiang Zemin, Communist Party chief and state president, ended in Beijing on Wednesday urging Taiwan "to create

favorable conditions for China's reunification," Xinhua said. The meeting called on the party to try to bring Taiwan back into the fold peacefully under the "one country, two systems" formula used to secure the return of the former British colony of Hong Kong last year, it said. (Reuters)

## Hong Kong Activists Accused Over Flags

HONG KONG — Two opposition activists appeared in court Wednesday charged with desecrating the flags of China and Hong Kong, the first time such laws have been invoked since the territory returned to Chinese rule.

Ng Kung-siu, 25, and Lee Kin-yun, 19, pleaded not guilty to two counts of desecrating China's national flag and Hong Kong's regional flag.

Despite their plea, the activists said that they agreed fully with details of the police account. Paul Harris, a human rights lawyer defending the activists, told the court his clients were challenging the laws under which they were charged. (Reuters)

## For the Record

Cambodian government troops Wednesday consolidated their hold on territory captured from Khmer Rouge guerrillas near the Thai border as the rebels' clandestine radio disappeared from the air waves. (Reuters)

## BOOKS

### TALES OF THE NIGHT

By Peter Hoeg. Translated from Danish by Barbara Haveland. 278 pages. \$23. Farrar Straus Giroux.

Reviewed by Katherine Dunn

THE Danish writer Peter Hoeg made an explosive American debut in 1993 with his suspenseful literary thriller "Smilla's Sense of Snow."

The title character, Smilla Jaspersen, is a remarkable female protagonist whose complex power is revealed in a lush layering of action, dialogue, image and flashback. The book's core gravity is her passionate intelligence as a scientific expert on the subject of ice and snow. The peculiar nature of frozen water is an extended metaphor forming the crystalline structure of the entire book.

"Tales of the Night," Hoeg's newest work, is an intriguing collection of short stories. Described by the publisher as the author's second book, this collection seems to have appeared in Denmark before "Smilla's Sense of Snow." It displays Hoeg as an old-fashioned storyteller in fable forms reminiscent of Isak Dinesen and Joseph Conrad. Yet the concept of the obsessed expert is as central to the fables as it is to Hoeg's modern thriller. A brief introductory note says: "These eight stories are linked by a date and a motif. All of them have to do with love. Love and its conditions on the night of March 19, 1929."

The word "love" here describes not only attachments to other people but also the focused dedication the characters bring to their various callings in art, science and law. The conflict is between human emotional warmth and the hubristic seductions of vocation.

The reader is never told why that particular date in 1929 was chosen, but its remoteness allows a formal language and a deliberately historical tone. The cast varies drastically, and the settings are diverse — central Africa, Lisbon, Copenhagen's respectable residential enclaves. But the structure has a comfortably ritualized pattern of story within story. The dispassionate narrator launches each matter authoritatively, and the characters tell their own tales.

Though the characters begin as types — the dancer, the judge — they are revealed as substantial and sympathetic individuals as each tells of dramatic events and conflicting obsessions. Despite the seeming limitations of the fable format, Hoeg's genuine narrative gifts fill these tales with surprise and excitement, a kind of breathless anxiety for what will happen on the next page and the next.

"The Homage to Bournonville" begins in exotic fashion with a pair of starving fugitives warming themselves over a small fire on the deck of a half-foundered sailboat moored in the harbor at Lisbon. The police are searching for them, and they will soon be arrested. Both fugitives are dancers. One is a ballet dancer from Denmark. The other is a Muslim mystic of the banned order of dervishes. As they wait for the police, the ballet dancer tells the astonishingly gritty though romantic tale of a brilliant ballerina who lies to serve her art.

Hoeg spent much of his youth as a ballet dancer, and the grueling demands of this art form become tangible on the page. The Bournonville of the title may well refer to one or both of two 18th-century French choreographers and ballet directors, Antoine and his son August. Hoeg inserts historical figures into

several of these fictions, molding them for his own purposes. "Journey Into a Dark Heart" is a gleefully satiric revisit of "Heart of Darkness" by train rather than riverboat. A venerable gentleman named Joseph Korzeniowski (Conrad was his pen name) is first presented as an author and journalist and then emerges as a ruthless mercenary.

Hoeg's vigorous dissection is undeterred by the fact that the real Conrad died five years before the date of this story. Also re-cast on this fateful train is Paul Von Lettow Voerbeck, the German general who was noted for his delaying tactics in the African campaign during World War I. A significant cameo appearance is made by the young Kurt Goedel, a real mathematician whose work demonstrated that no mathematical system can be free of inconsistency.

Revelations and reversals peel out of an elaborate scenario in what becomes a poignant game.

The most satisfying tale for this reader is "The Verdict on Ignatio Landstad Rasker," in which a Danish supreme court judge finds his lifelong service to the law challenged by the young author he has just convicted and sentenced for homosexual perversion.

"Tales of the Night" provides fascinating evidence of Hoeg grappling with concepts that appear later in "Smilla's Sense of Snow." But these stories have their own almost anachronistic pleasure. The leisurely tone and exploratory detours lend them a luxurious intellectual flavor that enhances the momentum of action and the finely tuned plot.

Katherine Dunn, author of "Geek Love" and other novels, wrote this for The Washington Post.

## BRIDGE

By Alan Truscott

ONE of the best ways for a novice to improve is to play a session with an expert. A special opportunity arises when a club organizes a pro-am game in which the experts donate their time and try to make sure that their partners enjoy themselves and learn something.

Sixty pairs took part in such a game at the Honors Club in Manhattan. The winners were Elliott Grabman and Arlene Harrison, and everything was sweetness and light. Experts who normally snarl and light. Experts commit a stupidity when their partners commit a stupidity simply smiled forgivingly.

On the diagrammed deal, the problem was how far to compete. East-West can make four diamonds, and if they reach that level it will pay North-South to continue to four hearts. That contract appears to have four top losers but South is favored by the odds: There is no way for the defense to take two club tricks. After the defense leads, for example, South two diamond leads, the ace-queen of hearts, then cash the ace-king of hearts, then play spades. With the heart king remaining in the dummy, he cannot be pre-empted from eventually discarding a club

loser on the fourth round of spades. But at most tables North-South played in three hearts, and the defense began with a diamond to the ace and a second diamond. South believed he had four sure losers and concerned himself with making nine tricks, not 10. Guarding against the possibility of all four hearts being on his right, some declarers led immediately to the heart king.

Now there was no genuine way for South to make more than nine tricks, for East can hold up the spade ace until the third round, leaving South with no way to avoid two club losers. In an expert game, West signals with the spade nine to show an even number, and East knows what to do.

However, in this game all the East players were novices, and could not be expected to cope with the signal-count-hold-up situation. So all but one of the South players made 10 tricks anyway. In the odd case, East played low on the king and jack without the slightest hesitation.

South had a bottom score and knew it. He was ready to congratulate East until that player explained that the spade ace had been hidden, and had only come to

light just in time to win the third round of spades. South's jaw dropped about two feet.

**NORTH**  
♦ Q 10 8 7  
♥ K 9 2  
♦ 5 4  
♣ Q 10 9 7

**WEST (D)**  
♦ 9 4  
♥ J  
♦ 8 8 6 3  
♣ K J 8 6 5 3

**EAST**  
♦ A 6 5 2  
♥ 10 5 3  
♦ A Q 10 7 2  
♣ A

**SOUTH**  
♦ K J 3  
♥ A Q 8 7 6 4  
♦ K J  
♣ 4 2

East and West were vulnerable.

The bidding:  
West North East South  
Pass Pass 1 ♠ 1 ♥  
2 ♦ 2 ♥ 3 ♦ 3 ♥  
Pass Pass Pass

West led the diamond nine.

Actress Gretchen Mol with her Hogan shoes.



## EUROPE

## Mass Graves in Bosnia Bolster War-Crimes Cases

By Mike O'Connor  
New York Times Service

KAMENICA, Bosnia-Herzegovina — Deep in a remote rural stretch of Bosnia, war-crimes investigators have found a tangle of buried bodies that they say is the remains of some of the 7,500 Muslim men that were hidden to try to thwart the prosecution of Bosnian Serb leaders for genocide.

Investigators for the war-crimes tribunal contend that thousands of Muslims were originally buried near the execution sites, then dug up and moved to more than 10 other places to try to hide the evidence.

Exhumations in 1996 recovered 480 bodies, but 7,500 others were still missing from the town of Srebrenica. Finding the others has been the goal of war-crimes investigators for more than two years.

The massacre was the worst war crime in Bosnia, which was wracked by a civil war from 1992 to 1995, and the worst in Europe in a half century. It raised added alarms because the town was supposedly being protected by the United Nations.

The discovery Tuesday — and the thousands of bodies that investigators expect to

find nearby — will bolster the cases against two Bosnian Serb leaders, Radovan Karadzic and General Ratko Mladic, the investigators say. Both have been indicted for genocide by the tribunal in the Hague.

Investigators for the tribunal spoke Tuesday on condition of anonymity.

Satellites that can locate bodies decomposing underground, according to foreign military officers working with the tribunal, aided the search. Witnesses to the reburial also offered testimony, tribunal officials said.

The first remains were uncovered Tuesday morning. Investigators unfurled a thin silvery sheet to protect their find from the sun. Next to it, small orange flags had been stuck in the ground to mark pieces of evidence such as bits of clothing or shell casings.

About six feet (1.83 meters) away, on what they considered one edge of the mass grave, forensic anthropologists and forensic archaeologists were digging a trench to try to gauge the length and depth of the grave. By early afternoon, the trench was 30 feet long and 6 feet deep and growing.

Investigators in blue jumpsuits had lightly scraped off the topsoil with a small hoe. The

earth in the mass grave was dull greenish brown, discolored, investigators said, by the bodies. The smell made some of those digging cover their mouths.

Gently then, with trowels and paint brushes, the scientists began to work their way down through the earth. They revealed dark splashes several feet long, created by the decomposition of nearly whole bodies. Then came partial skeletons, skulls and leg bones.

Separating the excavation site and the grass that runs into wooded thickets nearby was a stream of red and white tape. It was a warning to investigators not to step out of their work area because of land mines.

American soldiers, who patrol this part of Bosnia, are guarding the site. Small groups of them, sweating under their bulletproof vests, occasionally came by and observed the work.

The site is about eight miles (13 kilometers) down a rocky track from a rural road. Every house visible from the track — all of them formerly Muslim homes — was either badly damaged or destroyed by fires or explosive charges set during the war.

Along the track, people had snuck kitchen pots on fence posts as a warning that the fields

nearby were also mined.

Tuesday evening, according to a tribunal official, a layer of tangled bodies across an area of 200 square feet (18 square meters) had been exposed. The bones were so intertwined, the official said, that it was not possible to exhume any of them Tuesday.

Proving that the soil around the bodies came from the original mass graves, or that shell casings found here match those found at execution sites, will establish the connection they are looking for, investigators said.

When the original sites were inspected in 1996, investigators suspected most of the bodies had been moved. Doubts were cast on the American military's satellite surveillance, with some investigators charging at the time that slipshod monitoring had allowed Bosnian Serb authorities to move the bodies undetected.

Now, however, tribunal officials say the bodies were moved in October 1995, before the pinpoint satellite surveillance was requested by the tribunal. Once the original sites were discovered to have been tampered with, American satellite photographs of the region were reviewed and were found to show trucks and earth-moving equipment at the original burial sites, according to tribunal officials.



Gro Harlem Brundtland, new director of WHO.

## Brundtland, as WHO Chief, Pledges Attack on Malaria

The Associated Press

GENEVA — Gro Harlem Brundtland pledged a blitz on malaria and an immediate revamp of the World Health Organization after she was confirmed as its new director-general on Wednesday.

She promised to tackle the problems of the UN health agency quickly. "WHO can and must change," she said. "It must become more effective, more accountable, more transparent and more receptive to a changing world."

Delegates at the 191-nation World Health Assembly, in a secret ballot, cast 166 votes on Wednesday in favor of confirming Mrs. Brundtland's nomination for the job.

## Milosevic and Kosovo Leader to Meet

## Holbrooke Calls Agreement to Talk a 'Procedural Breakthrough'

The Associated Press

BELGRADE — President Slobodan Milosevic and the leader of Kosovo's ethnic Albanians agreed Wednesday to talks in what a U.S. envoy described as "an important procedural breakthrough."

Richard Holbrooke, the envoy who brokered the 1995 peace pact in Bosnia, used shuttle diplomacy to get Mr. Milosevic to agree to sit down with Ibrahim Rugova, the ethnic-Albanian leader, for the first time on Friday.

In announcing the talks, he stressed that there was still no hint of a compromise to end the worsening daily bloodshed in Serbia's separatist province. More than 150 people have been killed in Kosovo since Serbian policemen began a crackdown on Feb. 28.

"The vast differences between the two sides remain as wide as ever," Mr. Holbrooke said, adding that the crisis still "could escalate into something worse than Bosnia before Dayton."

In a concession to Mr. Milosevic, who has resisted international pressure for foreign mediation over Kosovo, no outside mediators will be present when talks start Friday in Belgrade. Subsequent meetings between the two will be held within a week in both Belgrade and Pristina, the capital of Kosovo.

The agreement was the outcome of

five days of talks in Yugoslavia by Mr. Holbrooke and another American envoy, Robert Gelbard.

President Bill Clinton, visiting Germany for the 50th anniversary of the Berlin Airlift, welcomed the announcement.

"This is a sober first step towards resolving a very dangerous conflict that clearly has the potential to spill over into neighboring countries and destabilize the region," Mr. Clinton said.

The United States is now seeking a meeting of the Contact Group of foreign powers to review the situation with the possibility of lifting some of the sanctions imposed on Yugoslavia.

Mr. Milosevic's office issued a statement through the official Tanjug press agency saying he had issued the invitation to Mr. Rugova to overcome harmful and "unnecessary" delays in the dialogue between the two sides.

Ethnic-Albanian officials had a muted reaction, confirming the meeting but saying it is only a first step toward their ultimate goal of serious negotiations. They emphasized that Mr. Rugova will advocate independence for Kosovo in his talks with Mr. Milosevic. The two are not known to have met before.

The violence in Kosovo threatens to turn into full-scale war between heavily armed Serbian policemen and the

Kosovo Liberation Army, a group that emerged in 1996 and is gaining ground.

The Serbs firmly rule out independence, which foreign powers also do not support because border changes traditionally have sparked wider wars in the Balkans.

Mr. Holbrooke tried to temper any optimism that might arise from Wednesday's agreement.

"The road ahead will be long and difficult," he said. "The danger that fighting will increase and metastasize across borders remains high."

He added, "The stakes are enormous."

## Contact Group Plans Meeting

The six-nation Contact Group on former Yugoslavia will meet this weekend in the light of the latest developments in Kosovo, Agence France-Presse reported from Bonn on Wednesday, quoting Foreign Minister Klaus Kinkel.

The Contact Group, comprising the United States, France, Germany, Italy, Russia, and Britain, last met in London on Saturday. Five nations, excepting Russia, agreed at the meeting to impose new economic sanctions on Belgrade over its refusal to accept mediation in talks with Mr. Rugova.

Russia, a traditional ally of Belgrade, opposed any new punitive measures.

## BRIEFLY

## EU Questions Israeli Exports

BRUSSELS — The European Commission called Wednesday for the European Union to stop any imports from Israeli settlements in the occupied territories that benefit from trade privileges granted to Israel.

The EU executive adopted a policy paper that said there was evidence that exports from Israeli settlements in the West Bank and Gaza Strip and from East Jerusalem and the Golan Heights were wrongly being granted preferential access to the huge EU market.

The paper said there was also evidence that many Palestinian products produced or processed in the West Bank and Gaza Strip were being exported to the EU as if they originated in Israel. Both practices would violate an agreement with Israel granting preferential access to the EU, it said.

In Jerusalem, Israel reacted sternly, saying the peace process will suffer if the policy is adopted. (Reuters)

## French Lag on Nuclear Safety

PARIS — An official inquiry has blamed the French government and the country's electricity authority for safety breaches in the handling of nuclear waste.

A report issued Wednesday by the Nuclear Installations Safety Directorate said that the electricity authority EDF had been guilty of negligence dating to 1988. The state did not properly monitor the situation for several years until last year, it added.

But the report said breaches of safety norms for surface contamination did not appear to have had any impact on health.

Andre-Claude Lacoste, who heads the nuclear safety directorate, said the contamination illustrated "a lack of rigor" by the EDF. Waste containers should be cleaned more thoroughly and decontamination and monitoring had to be improved, he said. (AFP)

## Wounded Turk Conscious

ANKARA — Hospital officials said that Turkey's foremost human rights campaigner, Akin Birdal, regained consciousness on Wednesday after he was shot and critically wounded by two men.

"He is conscious now and communicating," a hospital spokesman said. "He is breathing normally, but that doesn't mean he is out of danger."

Mr. Birdal, head of the Human Rights Association, was shot several times in the chest and leg by two gunmen in his office in Ankara on Tuesday.

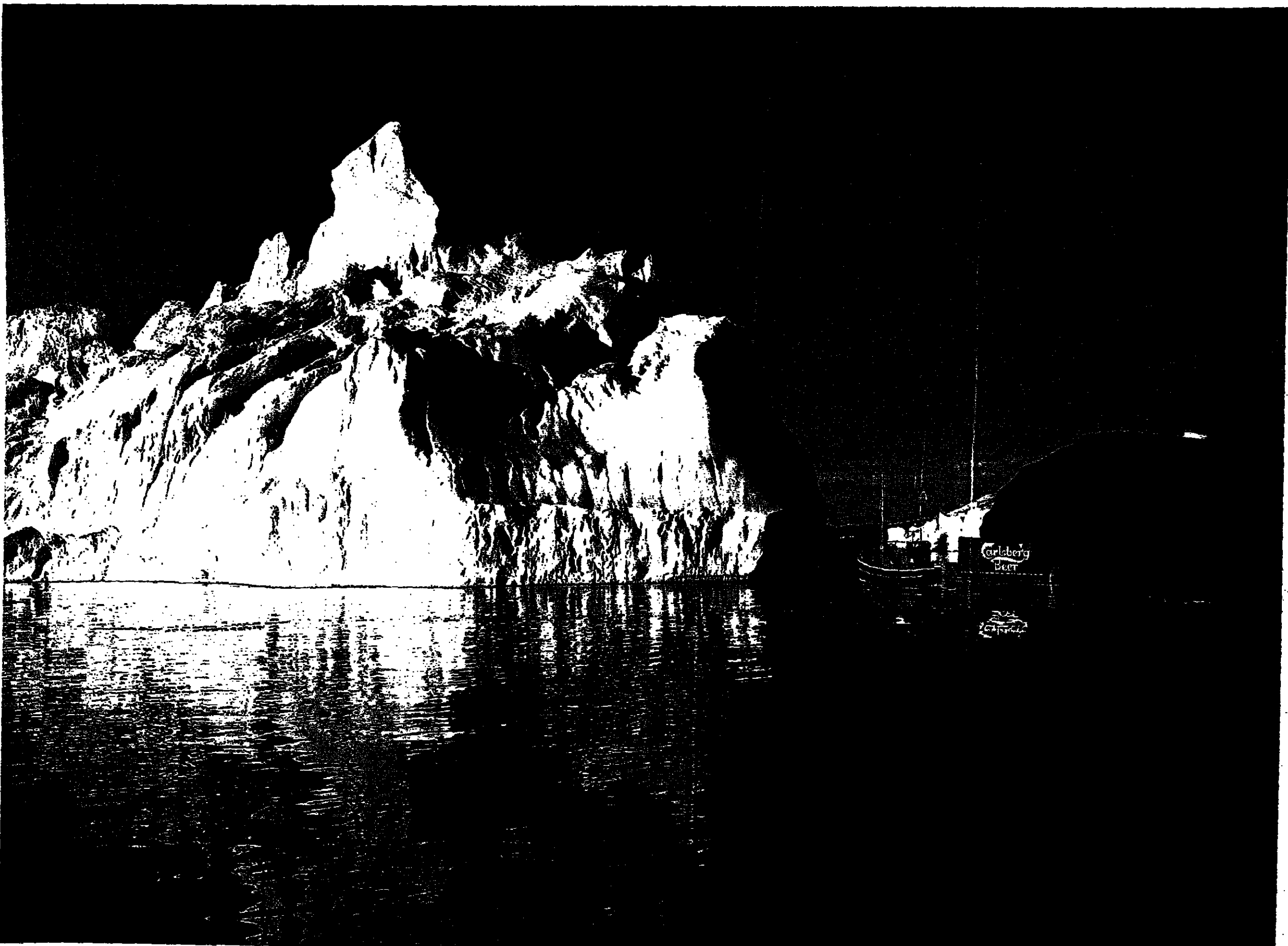
The shooting followed death threats after accusations in the media that he was linked to outlawed Kurdish separatists. (Reuters)

## Italian Mudslide Toll Now 142

ROME — At least 142 people are known to have died in the mudslides that engulfed villages in southern Italy last week, according to a new toll made public by Italian civil defense headquarters Wednesday.

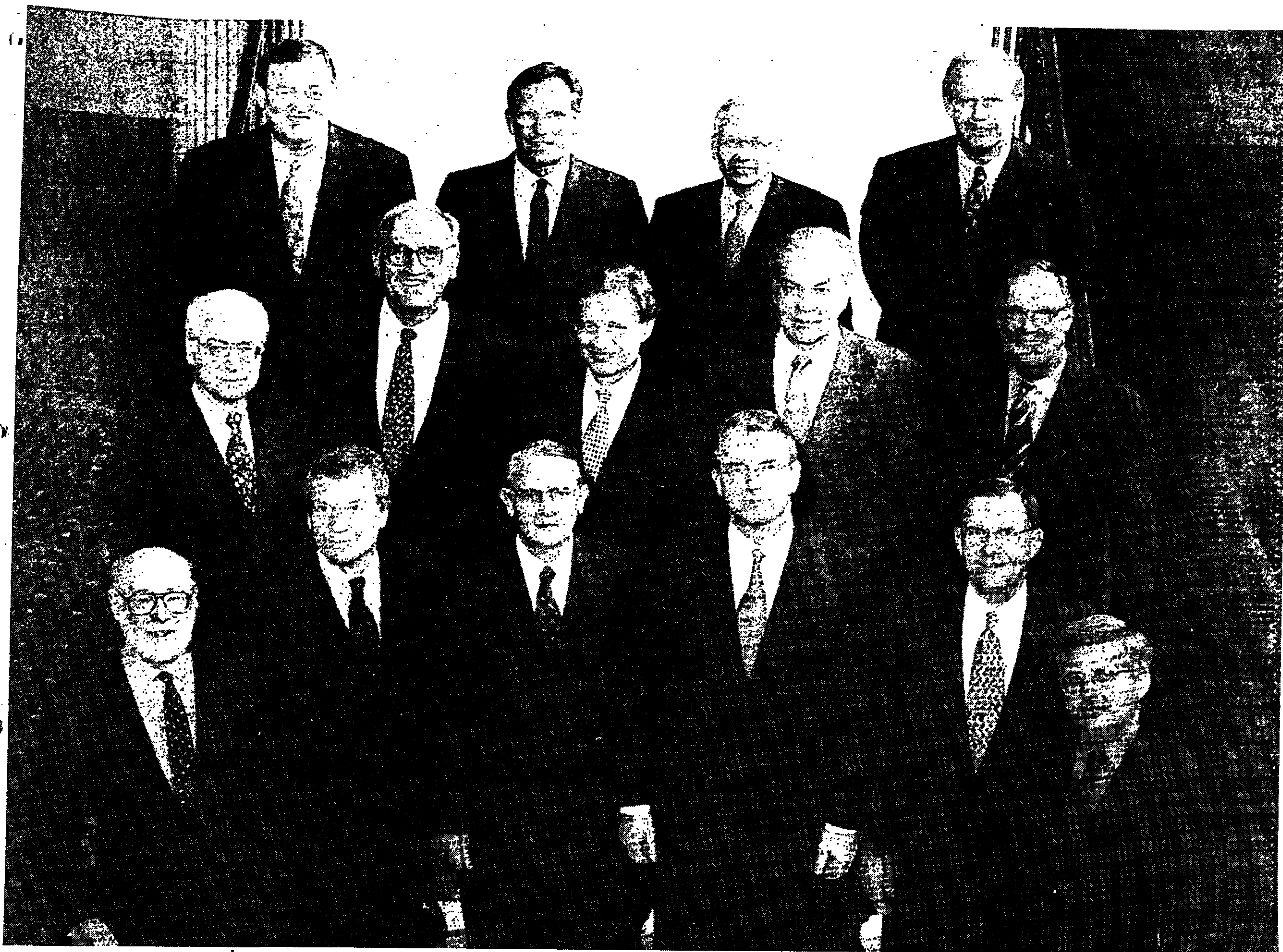
More bodies were discovered at Sarno, the town that bore the brunt of the mudslide in the southern region of Campania. The discovery brings to 120 the number of dead from the town.

Civil defense officials said that 136 people were still unaccounted for. (AFP)



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# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Rude Indian Blasts

### Bad for the World

India's explosion of nuclear devices in the Rajasthan desert makes the world a more dangerous place.

By arrogantly challenging international efforts to control the spread of the most lethal weapons, the new Hindu nationalist government of Prime Minister Atal Bihari Vajpayee may win applause at home from those who confuse military might with self-esteem. But for a paltry and short-lived domestic gain, India now faces a ruinous cutoff in foreign aid, a self-defeating arms race with Pakistan and isolation even from friends.

With an economy that is slowing down, India needs help to ease its crushing poverty and overcome its many ethnic divisions. Yet President Bill Clinton has no choice, legally or morally, but to impose broad economic sanctions, as he said on Tuesday he would do.

Such an action properly is to include a ban on military sales and assistance, foreign aid and bank loans to the government. Federal law also compels the United States to oppose loans and technical assistance from the World Bank and other financial institutions, which supply billions of dollars in credits vital to India's solvency.

Mr. Clinton has sought to improve relations with India and was planning to make the first presidential visit to India in 20 years this fall. But he should now reconsider.

India might still clear the way for a useful visit if it stopped testing and signed the Comprehensive Test Ban Treaty. It could justify such a step by citing China and France, which tested nuclear weapons a few years ago, provoking an international outcry, and then declared that they would sign the treaty. It was India's founding prime minister, Jawaharlal Nehru, who first proposed such a treaty a generation ago, and it is not too late for India to redeem his vision. Pakistan has said

that it would sign if India goes along. India has much to be proud of as the world's most populous democracy. But its bitter colonial legacy has made Indian leaders distrustful of outside powers, especially those with nuclear weapons that lecture others about nuclear restraint.

India justifies its latest tests by citing the military threat from its neighbors to the north and west. But beyond minor border disputes, China has no hostile designs on India.

It is deplorable that China has aided Pakistan with its military program, but Pakistan, with or without nuclear weapons, is more than matched by India's conventional and nuclear capacity. By testing a weapon now, India is likely to provoke Pakistan and plunge both sides into more arms programs that neither can afford.

Less than a decade after the end of the Cold War, the gravest threat of nuclear war is now shaping up in South Asia. As if to show sensitivity to global opinion, Mr. Vajpayee indicated that India had not yet moved to convert its capability into actual weapons. Mr. Clinton should seek India's pledge to exercise restraint in developing nuclear warheads and in testing missiles capable of delivering them.

Mr. Clinton can also press China to stop the flow of technology to Pakistan and thus reassure India about its security concerns.

It is fashionable in some circles to say that India and Pakistan are capable of managing their nuclear relationship, just as the United States and the Soviet Union did throughout the Cold War. But the superpowers were lucky to avoid a war in 1962, and they built up an elaborate regime of safeguards to preserve the peace, which India and Pakistan lack. In the end, the Soviet Union collapsed under the weight of its efforts to keep up militarily.

For India to avoid that fate, it must seek safety in arms control and restraint, not in a nuclear buildup.

—THE NEW YORK TIMES

### A Perilous Example

India's nuclear weapons tests assault the controlled nuclear universe that the United States has been trying to build for 50 years. In this scheme, a handful of nuclear powers would ensure that others did not join the club, nor lose for not joining. It worked pretty well. Three other states—India, Pakistan, Israel—had moved toward nuclear status but paused short of full and declared membership. This is the arrangement India has now broken by its first testing—this time unambiguously of weapons—since 1974. The danger is that its defiance of global nonproliferation standards will stir others to follow suit.

An inexperienced Hindu nationalist government with great-power ambitions took office last month. In a setting of tension (of different sorts) with both regional rival Pakistan and strategic rival China, Prime Minister Atal Bihari Vajpayee undertook to review nuclear policy and exercise India's long-available nuclear option if necessary. American officials asked New Delhi for "dialogue and discretion" and were told there was no "rush." These Indian assurances were overtaken even before

the policy review was fairly launched. The Indian military-scientific complex made sure that inquiring American officials and satellites got no advance sign. The CIA heard the news from CNN.

Frightened Pakistan, fearful of being overwhelmed by giant India, had promised an "equal response" to an Indian nuclear surge. It now comes under immense domestic pressure to respect that unhappy pledge.

American law mandates early and severe economic sanctions against non-nuclear countries that test. President Bill Clinton seemed to suggest on Tuesday that first he wanted to try to talk India into finally signing the pending test ban treaty, the very treaty for whose terms the Indians have just shown their contempt. It is important to get the order of events straight.

India has taken a huge slam at the United States and at the whole global campaign of nonproliferation. Sanctions are a blunt instrument, but they have a punitive impact and are crucial to American credibility. It is not for Washington to take the global heat off India. It is for India, a nation supposedly otherwise bent on economic modernization, to find its own way back from its nuclear irresponsibility.

—THE WASHINGTON POST

## Aircraft Inspections

The U.S. Federal Aviation Administration displayed good reflexes last week when it was confronted with fuel-pump wiring problems in older Boeing 737s. It ordered inspections of all the oldest aircraft—those with more than 50,000 hours of flight—within seven days when faulty wiring was discovered in a Continental Airlines 737. When new cases of damaged wiring appeared, the agency grounded those planes.

The FAA's performance in this emergency underscores the need for a broader program for inspecting all older aircraft. The objective would be to discover or anticipate unseen defects in wiring and other nonstructural systems before a mechanic spots them in an aircraft hangar.

The White House Commission on Aviation Safety and Security recommended such a program last year. An FAA plan reflecting that advice is expected this summer.

The FAA should now give nonstruc-

tural systems like wiring the same care it has given to an aircraft's structural components since 1988, when corrosion that was not visible during routine maintenance caused an Aloha Airlines 737 to lose parts of its cabin roof. That accident led the FAA to create an Airworthiness Assurance Working Group to focus on structural fatigue.

The White House commission noted that the average age of America's commercial aircraft fleet was rising and that many craft remained in service beyond their minimum guaranteed level of service, which the panel pegged at about 20 years.

As the planes age, so do their unseen nonstructural systems—electrical wiring, connectors, cables, fuel and hydraulic lines, and electro-mechanical devices like pumps and sensors. These systems clearly need the same timely and comprehensive screening long given to more visible parts of the aircraft.

—THE NEW YORK TIMES

# India Startles the World and Stands Up to China

By Brahma Chellaney

NEW DELHI — When Defense Minister George Fernandes recently made statements calling China a bigger threat than Pakistan and describing how his country was being "encircled" by Chinese military activities and alliances, he broke an Indian taboo against speaking up on Beijing.

His outspokenness provoked a fierce reaction from China and critics at home. Now, even before the controversy ebbs, India has astounded the world by lifting its quarter-century-old veil of atomic ambiguity and conducting nuclear tests.

India demonstrated its capability to manufacture the most modern nuclear weapons—thermonuclear, boosted-fission and low-yield types. India has gate-crashed the nuclear club, presenting a fait accompli to the world. No sanctions can undo this development.

China has been central to Indian nuclear planning ever since China carried out its first atomic test in 1964, barely two years after inflicting a humiliating defeat on India.

Whether or not Mr. Fernandes' forthright remarks on China were designed to build public justification for the subsequent warhead tests, the reaction at home was revealing.

The critics did not dispute his facts: China's continuing nuclear and missile assistance to Pakistan, its establishment of electronic listening posts in Burma to monitor Indian air and naval

activity and missile test firings, and its stockpiling of nuclear weapons in Tibet. Their criticism was that he stated India's concerns in public.

The furor showed that India has yet to recover from the 1962 rout that deeply scarred its national psyche. The Chinese attack from two separate fronts was intended, in the words of Prime Minister Zhou Enlai, "to teach India a lesson." That it did.

For more than 35 years, India has been fearful to speak up on China, even as the latter has gone about undermining its security. Instead, Indian bravado has been directed at its smaller neighbor, Pakistan.

India clearly suffers from a battered-victim syndrome. It needs to overcome fear, accept that it was not responsible for inviting the assault, and deter another attack. Three nuclear bangs should go a long way in boosting its confidence in relation to China.

The rapid rise of an increasingly powerful and assertive China poses a major challenge. When China was weak and economically backward, it gobbled up Tibet, bringing its forces to India's doorstep before fervently encroaching on Indian territories. A strong and prosperous China will cast an increasingly bigger shadow over India.

India has been getting meager re-

turns on its policy of rapprochement, initiated after the 1986-1987 border skirmishes. That policy was designed to increase India's strategic space by buying peace with one of its two principal adversaries. But 10 years later, India finds itself even more confined to the subcontinent than before.

The policy has allowed India to be strategically cornered through stepped up Chinese activity in Pakistan, Burma and Tibet. India's technological advantages over Pakistan have been neutralized by covert Chinese exports. Chinese military incursions are occurring at new points along the disputed Himalayan border.

China has shown little interest in resolving the border problem, because that helps keep India under its strategic thumb. Even the line of control remains ill-defined, with Beijing still not exchanging maps with India showing respective border military positions.

India has acquiesced in the forcible Chinese takeover of Tibet, a self-governing land until 1950, but official Chinese maps still show India's Arunachal Pradesh state as Chinese territory and Sikkim as independent.

Indian diplomacy has been ineffective mainly because New Delhi has not sought to build leverage against China. It has been unwilling to play its Tibet card. Whenever it hosts a high-level Chinese delegation, it breaks up peaceful Tibetan protests.

New Delhi made a grievous mistake in the 1950-1962 period, betraying Tibet and then being betrayed by China. A unilateral desire for reconciliation cannot buy peace.

India's cooling in the past decade has not won it Chinese friendship but has enabled Beijing to engage and contain New Delhi simultaneously, with the engagement serving as a nice facade to accelerated containment.

History shows that enduring peace comes only if a state can defend peace. India's new overt nuclear-weapons status should help exercise its fear of China and instill assertiveness.

Stable relations between the world's largest democracy and the world's largest autocracy are critical to Asian and global security.

Deep engagement with Beijing will enable India to better read Chinese capabilities and intentions and better advance its interests.

What India needs is a clearheaded China policy underpinned by leverage, gained both from external strategic relationships and domestic military and economic muscle. The only language China understands and respects is one based on national strength.

The writer, a professor of security studies at the privately funded Center for Policy Research in New Delhi, contributed this comment to the International Herald Tribune.

## But We Thought India Was Turning Into a Constructive Partner

By Gerald Segal

LONDON — India becomes the sixth declared nuclear power. Just when we thought we were making progress in nuclearizing the world, India is taking us back up the ladder of escalation — both sides merely one turn of a screwdriver away from having a nuclear weapon.

The most long-term damage will be done to the prospects for the fifth of mankind that lives in India to play a full part in the prosperity of the global economy.

Having one more nuclear weapons power is not a fundamental challenge to global security. And India does have real security concerns about a nuclear-armed China, and a fair complaint that the declared nuclear powers have not moved fast enough to reduce their own arsenals.

India's actions are less understandable in the light of the

clear trend in recent years toward cutting nuclear arsenals.

Both India and Pakistan seemed to have settled for a "screwdriver" nuclear capacity — both sides merely one turn of a screwdriver away from having a nuclear weapon.

Now the domestic pressure will be on Pakistani leaders to formally become the world's seventh declared nuclear power, which would mean increased risks of a costly and dangerous arms race.

There will be also an increase in diplomatic tension as the United States and other powers talk about sanctions and gripe about each other's behavior as suppliers of dangerous technologies to South Asian nuclear powers.

The risks of actual nuclear war should not be overdrawn.

more favorably on investment in India.

In addition to any Western sanctions, there will be damage to India's prospects for receiving investment and trade.

If the United States, along with a nuclear-averse Japan, blocks aid and loans from the World Bank and other institutions, India will not collapse, but it will be poorer than it was before the tests.

India can certainly expect to see more restrictions on trade in high technology. In the past few years we had been edging toward closer high-tech cooperation between the United States and India, but none of that will now be possible.

Those Americans who argued for an incentive strategy in high-tech transfer as a way of keeping India from becoming a declared nuclear power will now retreat.

In short, India has confirmed the worst images of outsiders of a country out of touch with the new principles of a post-Cold War world.

The greatest sadness will be felt by friends who had come to believe that India could become a major player in the global economy — a power on a par with China but far more amenable to Western interests.

President Bill Clinton, who will surely now cancel his planned trip to India scheduled for the autumn, will be reminded during his Beijing summit in June that at least China has stopped its nuclear tests.

India and the world are less secure and poorer.

The writer, director of studies at the International Institute for Strategic Studies, contributed this comment to the International Herald Tribune.

## Stop Bickering and Get On With This Korean Salvage

By Aidan Foster-Carter

LEEDS, England — Just occasionally, North Korea does us all a favor. Such was the case on May 8, when a Foreign Ministry spokesman warned that Pyongyang might resume the nuclear activity which almost unleashed a second Korean War in early summer 1994.

The threat was timed to coincide with one of the regular meetings between North Korea and the Korean Peninsula Energy Development Organization, KEDO. It draws attention to the worrying fact that one of the great triumphs of recent U.S. foreign policy is being irretrievably jeopardized — by petty and all too public bickering, both in Washington and between the United States and its South Korean and Japanese allies, over how to share the modest costs of

this crucial peacekeeping body. The 1993-1994 crisis over North Korea's nuclear activities was defused by a remarkable deal, the Geneva agreement of October 1994. Pyongyang froze its nuclear program, and the United States set up KEDO to provide compensation in the form of two light water reactors, plus half a million tons of fuel oil per year for the decade or so that the two new nuclear power stations would take to build.

This was not how Washington usually tackles rogue states. Yet KEDO has turned out a huge success — not just in averting war and defusing the crisis, but in transforming the nuclear issue from Korea's worst risk to its best hope.

As a consortium whose core members besides America are South Korea and Japan, KEDO has been a pioneer in Korean cooperation, at a time when Pyongyang officially would have nothing to do with Seoul.

It was a hard slog. North Korea long resisted having the South as actual supplier of the light water reactors for generating electricity, but in the end it yielded. Since then, matters have progressed in a pragmatic and businesslike manner that seems light-years away from the usual snarling on the peninsula.

Thus every month tankers load some 40,000 tons of oil in South Korean refineries, which they then deliver to the North.

More remarkable still, for a year now more than 100 South Korean engineers have been living at the reactor site at Kumho on North Korea's east coast, working with northern colleagues who are astonished by their salary levels and sophisticated tools.

Any crisis, such as a newspaper picture of Kim Jong Il found lining a trash bin, has been swiftly dealt with — as have all the myriad practicalities of cooperation that a major project of this kind would entail in any country. In this field, if nowhere else, Pyongyang has proved itself a businesslike negotiating partner.

Hard to believe, then, that a venture as valuable as this may be at risk for want of a mere \$47 million. Compare that to the \$57 billion package that the United States pressed the IMF to put together to stem South Korea's financial panic last year.

Yet KEDO is broke, or at least has a liquidity crisis. Recent oil shipments have been financed by borrowing, because the U.S. Congress refuses to approve funding, and some deliveries have been late. This is what prompted Pyongyang's outburst last week.

Secretary of State Madeleine Albright, on a recent lightning trip to East Asia, pressed Japan and South Korea to provide some of this cash. Both refused, citing not only current financial woes but a larger bone of contention over KEDO.

The eventual bill for the two reactors will be around \$5.2 billion. Seoul and Tokyo have informally agreed to shoulder 70 and 20 percent of this, respectively; the remaining 10 percent has yet to be assigned.

In Seoul, it has long rankled that the United States has committed not a cent to the reactors. So Mrs. Albright's request for oil money, now of all times, did not go down well.

True, this is not the most tactful moment for an economically flush United States to rattle the can in debt-ridden Seoul. Yet Washington, too, is irritated, and rightly. It has to deal with a shortsighted South Korean peninsula which matches that on Capitol Hill.

Neither side seems to grasp just how successful KEDO has been, nor how crucial it remains to peace and progress on the peninsula. Never more so than now, when the risk of a North Korean collapse, never mind an invasion, could be the last straw for Seoul's fragile economic restructuring.

In this context, \$5.2 billion is a cheap investment in peace and stability. When Kim Dae Jung visits Washington next month, it is to be hoped that KEDO's burden-sharing will be sorted out once for all.

The writer is honorary senior research fellow on modern Korea at Leeds University. He contributed this comment to the International Herald Tribune.

## Slippery Green Slope to Nativism

By Virginia Postrel

LOS ANGELES — When Sierra Club members recently voted down a resolution calling for greatly restricting legal immigration into America, the club's leadership was elated. President Adam Werbach had threatened to resign if the measure passed.

However, the resolution sprang not from right-wing outsiders but from the vital intellectual core of the environmental movement. Its backers included longtime environmental leaders such as Paul Ehrlich, Worldwatch Institute head Lester Brown, Earth Day founder Gaylord Nelson and EarthFirst! founder Dave Foreman.

The leading anti-immigrant group, the Federation for American Immigration Reform, has its roots not on the nativist right but on the green left, among population-control advocates. And the Currying Capacity Network, dominated by environmentalist intellectuals, strongly opposes immigration.

The resolution's supporters may have been reactionaries, but they were not simple nativists. They were "statists": people whose ideological goal is a static, unchanging society.

According to this strain of environmental thought, the ideal society should resemble an ecosystem whose flora and fauna remain constant.

The eminent environmental historian Donald Worster thus years for "a stable, enduring

rural society in equilibrium with the processes of nature," and deplores the "constant innovation, constant change, constant adjustment [that] have become the normal experience of this culture."

Large-scale immigration is simply incompatible with a "stable, enduring rural society." It allows peasants to leave their traditional villages, and permits the societies to which they travel to evolve in unexpected ways.

In one of the most influential environmentalist tracts ever, "Small Is Beautiful," green guru E. F. Schumacher condemned modern transportation and communication for making people footloose and allowing mass migrations.

How surprised should we be when that sentiment translates into anti-immigrant activity, whether by properly "left-wing" population controllers or by their "right-wing" fellow travelers?

These views are more mainstream than they first appear. Even Mr. Werbach buys into a suburbanized version of Mr. Schumacher's peasant ideal. In his 1997 book "Act Now, Apologize Later," he celebrates the static peasant village, where "whatever is produced in the village must be used, first and foremost, by the members of the village."

He is too much the liberal to condemn immigration, but he has no trouble denouncing trade: "We should demand that the Safeway in Idaho carry only native potatoes. And we should draw the line when department stores bottom out prices, muscle out local businesses and eradicate local culture."

To its opponents, immigration is just another way to "eradicate local culture" and "bottom out prices" in this case for labor.

If we should buy only native potatoes, how much more should we employ native workers, regardless of the value immigrants offer?

All of Mr. Werbach's arguments for "radical localism" can be turned to serve immigrant-bashers, because those arguments are, at bottom, opposed to the unpredictable dynamism of choice, competition and mobility. They prefer stability to freedom.

A cultural-political movement opposed to mobility and change will, in time, come to support restrictions on technology, trade and, yes, immigration. The Sierra Club vote forced environmentalists to recognize the nativism in their midst, but they are a long way from fully rejecting it.

The writer is editor of Reason magazine and author of the forthcoming "The Future and Its Enemies." She contributed this comment to the Los Angeles Times.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

#### 1898: Badge Craze

PARIS — The badge and button craze is again upon us. After the last election there was a subsidence of the mania for the want of something to feed on; but now that something has been found. Behold the revival! In the pending war, in the situation of the United States, Cuba and Spain the badge makers find a motive, and a strong one, that they have been alert enough to take advantage of. The result is in evidence on every hand — on the street corner, in store windows, on lapels of men and the belts and bows of women.

#### 1923: War Recalled

PARIS — M. Poincaré, speaking at the unveiling of a war monument at Commercy (Meuse), recalled the sufferings of the frontier provinces at the hands of German invaders throughout the ages and said that

their inhabitants were not among those who imagined that because a treaty had been drawn up and signed, peace became a reality. They are bound to remember the repeated warnings of history when Germany, after making the most solemn pledges, is cynically repudiating them.

#### 1948: British Mandate

LONDON — Britain ends its thirty-year rule in Palestine tomorrow [May 14]. Official government reaction is contained in a statement issued tonight by the Foreign Office. It concludes: "Although British responsibility for Palestine has ceased, it is the earnest hope of His Majesty's Government that as both sides come to realize the tragic consequences of attempting to conquer Palestine by force, some compromise may yet be possible which will enable the people of Palestine to live in peace and to govern themselves."

## The Fed

In Era of Global

By John V....

NEW YORK — The Federal Reserve...

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OPINION/LETTERS

# The Proliferation Age, Complete With Fudge

By Michael Kelly

WASHINGTON — The end of the American Century is a hungry time, filled with small nations aching with desire to be larger than they are. From Beijing to Moscow to Baghdad to Tehran to Islamabad to New Delhi, ambitious souls dream of dreams of a new world order that is not the American Century II. And the ambitious do more than dream. They build and they buy.

For a commendably long time, the United States more or less kept the wraps on the weapons of mass destruction that it invented to win the great fight between democracy and totalitarianism. Five nations — the United States, Russia, China, Britain and France — declaredly possessed the bomb, and three others — India, Pakistan and Israel — possessed it but did not formally admit so.

They did not because the United States applied immense pressure to anyone exhibiting nuclear ambition. But when the great fight ended, that pressure began to ease. Now, the wraps are nearly completely off. The historians who chronicled the next century's wars will look back on the Clinton era as the age of proliferation, when the power to deliver mass death was allowed to spread from the few to the many.

A case can be made that there is not much that could have stopped this. The territorial and even imperial ambitions that the Cold War froze were bound to thaw, and as they thawed, they were bound to expand. But if something could have been done, this administration certainly did not do it. For years, it has looked the other way from increasingly blatant violations of proliferation restrictions by China, Russia, and various European companies. It has done so, as the president recently hinted in unusually candid remarks, because it does not wish to admit truths that would trigger anti-proliferation sanctions that might get in the way of trade.

Just because the United States chooses to look the other way does not mean that

everyone else is blind. While the administration was busy assuring itself, and Congress, that the new, good-neighborly People's Republic of China was nothing to worry about, India noticed that China had deployed nuclear missiles in Tibet. It noticed that China had improved its missile capacities, thanks to Clinton administration assistance. And it noticed that China had never renounced its claim to a swath of eastern India.

On May 3, India's defense minister, George Fernandes, appeared on television. Recalling India's brief and humiliating 1962 border war with China, he said that India had made the mistake of failing to recognize China's territorial intentions and that it was not going to make the mistake again. Of India's long-standing low-profile nuclear policy, he said, "We believe we need to make a review of the defense policy."

The review did not take long. On Monday, India, which had not exploded a nuclear weapon since May 1974, detonated three devices under the desert ground about 110 kilometers from the Pakistan border.

The White House said that it was surprised, which is doubtless true. Pakistan, which fears India as India fears China, said it was deeply concerned. But not to worry. Pakistan has its nuclear program too, a program that has received lots of assistance in recent years from China, assistance that the White House did not notice — officially.

Now the president is suddenly "deeply disturbed," and he says he will punish India by enforcing the sanctions called for under the Nuclear Proliferation Prevention Act of 1994, which mandates that the United States stop aid and credit to a nation that behaves as India has.

Only a few weeks ago he was grousing about how sanctions laws force him to "fudge" reality and issue waivers. But there will be no fudging and waiving this time. Of course that may be because this particular law does not allow waivers.

Washington Post Writers Group.

# The Telegraph Clerk Held Up the News of Israel's Birth

By Gideon Rafael

JERUSALEM — The termination of the British mandate in Palestine was set for midnight, May 14, 1948. A few hours before this epoch-making event, David Ben Gurion proclaimed the independence of the state of Israel. A few hours later, the secretary-general of the Arab League informed the secretary-general of the United Nations that the Arab states had decided to take up arms against the state of Israel as of May 15.

The ceremony of the Proclamation of Independence was brief, austere and solemn. When we left the assembly hall, the Tel Aviv museum, Moshe Sharett, Israel's foreign minister designate, curtly instructed me to present myself at 8:00 P.M. sharp at the "Foreign Ministry."

A preparatory committee had allocated two rooms to our ministry in an old building by the seashore. It was known as the "red house," not for the ideology inside but for its pinkish exterior paint. The fact that it had housed a branch of the Hagana's high command was not a matter of common knowledge.

Mr. Sharett went to work without preliminaries. His staff consisted of two aides: Eiga Shapira, the secretary, and myself. I was entrusted with a dazzling variety of assignments. One of them was to answer the telephone with the inevitable "Shalom" and the less credible "Misrad ha Chur" — "The Foreign Ministry."

The invariable reply was, "We don't want to speak to what's-your-name, please hurry and transfer us to Moshe Sharett." People felt they had to make up for a lot of time lost during the past two millennia.

A more erudite occupation to

which I was assigned was to make up a list of the capitals of the world to be officially informed of the establishment of the state of Israel. My reference library consisted of a respectable atlas and an old edition of The Statesman's Year Book. Mr. Sharett, sitting in his corner, was immersed in composing the telegrams. The only interruption he allowed himself was to down, at fixed intervals, cups of piping hot tea.

From the very hour of its creation, Israel had to fend for its place among the nations. It emerged in awe but in solitude. It seemed that Mr. Sharett was absorbed in these thoughts as he

## MEANWHILE

labored on his drafts. He produced a beautifully written but rather lengthy manifesto. When we transcribed it, we pointed out, somewhat irreverently, that the number of words in the telegram equaled the length of the Jewish exile from the Promised Land.

Meanwhile I had prepared the list of the recipients of the telegrams. It excluded the Arab states, more for technical than ideological reasons. We felt no harm could be done by advising them officially of the establishment of Israel and the peaceful intentions of its government, but all the Arab capitals had severed their lines of communication with the new state.

At 2 A.M. we had completed our work, and were resting with a happy feeling of "mission accomplished." But soon we were jolted out of our complacency. We had sent a driver

with the sizable bundle of telegrams to the Tel Aviv Central Post Office. He returned them — undelivered. The postal clerk had refused to accept the cables without cash payment.

The thought of such petty mercantilism at Israel's finest hour had never occurred to us. Even if it had, we were not in a position to do anything about it. We did not even possess our own stationary. Our only equipment was a typewriter and a tea kettle.

I telephoned the man who was holding up the happy news of Israel's birth and tried to impress upon him that destiny had chosen him to play a historic role. My wooing was of no avail. He worked to rule, and the rule book was still that of the British administration. Of course, he knew that the state of Israel had been proclaimed, but he was less certain about the existence of an institution that called itself the Foreign Ministry.

I asked him to suggest a way out of the impasse. He pondered while the time ticked away. Then, suddenly, he saw the light. He had read in the papers that there was a man by the name of Seev Sharett who had been entrusted with the establishment of the new governmental administration. If I could provide him with an authorization from this man, he would send the telegrams and charge us later.

"For heaven's sake, where can I find Sharett at three o'clock in the morning?" I asked him, exasperated.

"That's your problem," he replied. Mr. Sharett, who had listened intently to this first diplomatic exchange, knew where Mr. Sharett could be found in Tel Aviv. I went

there, woke him up and explained our predicament. He wrote the redeeming note, hardly concealing his pride in the nocturnal recognition of his authority. In no time at all the wires were humming with the proclamation of Israel's birth.

At dawn, Israel received its first signal of foreign recognition. The Egyptian Air Force bombed Tel Aviv's airfield and power station.

An exhilarating message arrived from Washington. President Harry Truman announced the de facto recognition of the state of Israel and its government. The Soviet Union followed suit. Dispensing with juridical subtleties, it granted full de jure recognition. A spate of similar messages arrived from capitals all over the world.

Soon it was decided that I would assist Abba Eban, Israel's first representative and spokesman at the United Nations. I spent my last day in Tel Aviv, May 18, in a series of meetings. The chief of military op-

erations, General Yigal Yadin, gave a situation report. The Arab armies were closing in from the south, east and north. The situation of besieged Jerusalem, pounded by Jordanian artillery, was grave. The army stores were at their lowest, but the fighting spirit was incredibly high. General Yadin concluded that if military supplies arrived in time and in sufficient quantities, the defense forces could repel the combined Arab attack.

Colonel Mickey Marcus, an American Jewish volunteer with wide combat and staff experience, added that he believed the Arab war machine would soon run out of steam. Colonel Marcus sent me off in good spirit: "If your fellows will pass on the ammunition and hold the front of New York, we shall win."

Not everybody shared his optimism. But nobody thought that half a century later the Arab-Israeli conflict would still await its comprehensive resolution.

International Herald Tribune

## LETTERS TO THE EDITOR

### Who Will Punish India?

In response to "Dismayed, U.S. Studies Sanctions" (May 12):

By conducting nuclear test explosions, India has defied the international community, the overwhelming majority of which supports the Comprehensive Nuclear Test Ban Treaty. The response to this regrettable challenge must be international.

In 1992, the president of the UN Security Council stated, on behalf

of its members, that proliferation of weapons of mass destruction would constitute a threat to international peace and security, and that appropriate action would be taken. It remains to be seen whether the United Nations will live up to this commitment to uphold the international nonproliferation regime and apply the coercive measures provided for in the UN Charter.

JOSEF GOLDBLAT,  
Geneva.

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THERE ARE 17 NAMES FOR RUNNING WATER IN CZECH

THERE ARE 7 NAMES FOR CHILDREN IN JAPANESE

and now

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## INTERNATIONAL

## American Spy Watchdogs Slept Through India's Test Preparations

By R. Jeffrey Smith  
Washington Post Service

WASHINGTON — A U.S. spy satellite clearly depicted activity last week at India's remote desert nuclear test site, but U.S. intelligence officials scrutinizing the images failed to discern that India was preparing to conduct the three nuclear blasts it set off Monday, according to several sources.

Even when "clear-cut" evidence of the nuclear test preparations was recorded by a satellite at midnight in Washington on Sunday, six hours before the tests, no CIA warning was issued because the U.S. analysts responsible for tracking the Indian nuclear program had not expected the tests and were not on alert, several officials said.

They were, according to a senior official, asleep at their homes and did not see the pictures until they arrived at work in the morning. As a result, President Bill Clinton and other White House officials did not learn of the preparations until after the blasts had occurred, when news services carried accounts of a public acknowledgment by the Indian prime minister, Atal Bihari Vajpayee.

When the White House subsequently asked the

CIA for details, the agency's top officials had none to offer, several sources said.

The intelligence community's failure to predict the three nuclear blasts has ignited fierce criticism from U.S. policymakers and prompted two congressional oversight committees and the CIA to launch inquiries on Tuesday into the agency's conduct during the preceding weeks and months.

Key U.S. policymakers said they did not know whether the new Indian government — which had repeatedly broadcast its desire to "induct" nuclear weapons into the country's arsenal — would have called off the tests in response to any U.S. appeals. But they were outraged over the fact that the missed signals had deprived the Clinton administration of an opportunity to attempt such an intervention.

Senator Richard Shelby, Republican of Alabama, who is chairman of the Intelligence Committee, condemned the intelligence community's conduct in unusually strong terms, calling the episode "a colossal failure" that betrayed a "dreadfully inadequate job" of detecting what India's intentions were. "We cannot and simply must not tolerate such failure on the part of the intelligence community," he said.

Mr. Shelby and Representative Porter Goss, Republican of Florida, a former CIA officer who is chairman of the Permanent Select Committee on Intelligence, each promised oversight hearings in coming weeks to try to determine the cause of the mistake.

Mr. Goss avoided any direct criticism and said instead that his June 1 hearing would try to discover "whether key intelligence capabilities have eroded and what is needed to reverse the trend."

The CIA director, George Tenet, announced that he had appointed a team to examine the episode and "determine what lessons can be learned," according to a CIA statement. The team is to be headed by Vice Admiral David Jeremiah, retired, a former vice chairman of the Joint Chiefs of Staff, and report its findings within 10 days.

Among the issues to be examined, sources said, are whether the CIA's regional political and military analysts overlooked clues to India's true intentions, whether the National Security Agency missed any telltale information collected through its worldwide electronic eavesdropping, and how spy satellite operators and photo analysts failed to catch such activities as the burial of nuclear devices and the attachment of cables to

transmit scientific data.

"This was a mistake from the top to the bottom, from the policy community to intelligence community," said a senior policymaker. "It was a failure not only of tactical but strategic intelligence," because government analysts not only missed the actual test site preparations but failed to predict even that such a move was likely.

Several officials credited India's new government, which was elected less than two months ago, with a shrewd campaign of disinformation designed to put Washington off the scent of a nuclear test. "The Indians lulled us into thinking that they were not going to undertake any precipitous action in the nuclear area without a careful review of their options," an official said. "The context of the intelligence community's error was complacency."

John Holm, acting undersecretary of state for arms control and international security affairs, said that India had promised restraint in the nuclear area until it completed its strategic review late this year.

A U.S. official said that India had "undoubtedly kept this decision to a really small circle" and that top American officials had had

discussions with people in India "who had to know" about the testing plans but who did not say anything.

The Indians were apparently trying to avoid repeating their experience of December 1995, when Washington sighted preparations for a blast at the Pokhran test site and forcefully expressed its alarm. Those protests led the prime minister at the time, P. V. Narasimha Rao, to halt the preparations and cancel the test.

"They knew from the 1995 experience that we were watching them very closely," and this time kept their activities at the site to a minimum while U.S. satellites passed overhead, the official said.

"No one saw anything out of the ordinary," said another official, even when last week's satellite images depicted activity at the "well-heads" atop deep holes where the explosive devices were eventually detonated.

Pakistan's test a month earlier had led CIA analysts to suspect that India would orchestrate a demonstration of its own military prowess. But the analysts bet, wrongly, that India was more likely to respond in kind with a missile launching instead of a nuclear blast.

SANCTIONS:  
Clinton Gives Order

Continued from Page 1

accused the administration of favoring China over India, the world's largest democracy with 970 million people.

"I'm curious about this one-sided imbalance, this anti-Indian bias and this willingness to forgive the Chinese anything," he said. Mr. Gingrich called Mr. Clinton's announcement of sanctions "a great overreaction."

Legislators were also critical of the failure of U.S. intelligence agencies to bring Indian test preparations to the White House's attention in time to launch a diplomatic protest.

Mr. Clinton tempered a strong denunciation of the underground tests with a call for India, as "a very great country," to show restraint. "This demands an unambiguous response from the U.S.," he said in a news conference with Mr. Kohl in Potsdam. "It is unjustified and clearly creates dangerous instability in the region."

The United States will cut off \$142 million in foreign aid to India this year, ban U.S. bank loans to the Indian government and restrict exports of equipment with possible military uses. It will also instruct its delegation to vote against India in the World Bank, where it is the largest borrower, and the International Monetary Fund. Humanitarian aid is unaffected.

A World Bank official said Wednesday that a meeting of donors prepared to promise aid to India had been canceled after Japan declined to be host to the gathering because of the tests. She said there were no plans to find another site for the two-day meeting, which had been due to start June 30.

Mr. Clinton also said he agreed with many Indians that their country had been "underappreciated," but that he hoped they would realize that it was "a terrible mistake" to use nuclear testing as a way to earn respect.

"To think that you have to manifest your greatness by behavior that recalls the very worst events of the 20th century on the edge of the 21st century, when everybody else is trying to leave the nuclear age behind, is just wrong," he said.

The ordering of sanctions places the Clinton administration in a difficult position with its allies and critics in Congress.

Penalties against such countries as Iraq, Iran and Cuba — and in some cases against foreign companies that traded with those nations — have angered some of America's closest allies.

Mr. Clinton's spokesman acknowledged the U.S. isolation on sanctions in comments early Monday. "Most of those other industrialized nations," said the spokesman, Michael McCurry, "don't believe in using economic power as a lever in diplomacy the way we do."

Russia said Wednesday that it was alarmed by the latest development, but did not back away from its earlier opposition to sanctions.

France, which faced similar outrage over the nuclear tests it conducted in the South Pacific in 1995 and 1996, criticized India but said that it opposed U.S. sanctions and would not impose its own.

In London, the Foreign Office summoned the Indian ambassador to complain about the tests. But a spokesman for Prime Minister Tony Blair said Britain would take no immediate punitive steps against its former colony. "The government's position is that it is not going to impose sanctions," the spokesman said.

Canada recalled its ambassador in India for consultations, a move announced shortly before the new tests were publicized. Australia and New Zealand did the same earlier.

The Clinton administration itself has indicated its dissatisfaction with the use of sanctions, viewing them as a blunt weapon that can distort policy and needlessly antagonize allies, and is undertaking a study of their use.

The U.S. sanction with the greatest potential to harm India is the order to the U.S. delegate to oppose any aid or loans to New Delhi by the World Bank. The United States is the largest donor to the organization, which issues low-interest loans to developing countries, but it cannot block lending to India without support from other major shareholder nations.

One of those countries, Japan, is among the few to order sanctions against India, and might join the United States in a bid to halt international lending.

Immediately following announcement of the latest tests, Japan recalled its envoy to New Delhi for the second time in the week and said it might toughen sanctions announced just an hour earlier.

Japan had said it would suspend about \$25 million in grant aid. After the latest tests, it said the sanctions could be expanded to include \$1 billion in loans to its 32-year rule amid chants of "Hang Suharto!" and "Crucify Suharto!"



Activists of the Jamaat-i-Islami, a rightist religious party, burning an Indian flag on Wednesday during a protest against this week's nuclear testing by India. The party wants Pakistan to conduct nuclear tests, too.

## PAKISTAN: Islamabad Demands a Crackdown on New Delhi

Continued from Page 1

gemonic impulses reflected so often in Indian behavior and ignored by the international community, despite Pakistan's repeated efforts to draw attention to them."

"The invoking of mandatory sanctions under U.S. laws against India hardly constitutes an effective response," he said. "Indian actions, which pose an immediate and grave threat to Pakistan's security, will not go unanswered."

Just how Pakistan will answer is now the topic of debate in Islamabad and many capitals. The United States and other countries are doing all they can to persuade Pakistan not to reply in kind. Pakistan's cabinet scheduled a meeting for Thursday to consider its options.

Like India, Pakistan has for years possessed the technology necessary to build nuclear weapons. Until the Indian detonations this week, however, it had not

felt obligated to build and test them. Pakistan's senior nuclear scientist, Quadeer Khan, said after the first detonations Monday that he could build a bomb within days of being given the order to do so.

Public and political pressure on the Pakistani government to detonate its own nuclear devices has become intense.

A newspaper columnist wrote Wednesday that only such detonations could prevent "the annihilation of the Muslims on the Indian Subcontinent, which is considered a necessary precursor to the rise and renaissance of a pristine Hindu India."

The president of the Karachi Chamber of Commerce demanded that the government "immediately respond to the Indian nuclear challenge."

President Bill Clinton signed documents Wednesday imposing sanctions on India as punishment for its tests, saying they "demand an unambiguous re-

sponse." Japan, Sweden, Denmark and Germany also announced they would freeze all or part of their aid to India.

Pakistani leaders, however, do not consider these steps sufficient. They have not said precisely what steps they would like to see, but midlevel officials suggested Wednesday that the United States should release fighter jets that it has refused to send Pakistan for several years, that it should send senior administration figures here as a sign of solidarity, and that Mr. Clinton should consider dropping India from the itinerary of his proposed trip to the region next fall.

"These tests present the single most important threat to emerge in the region since the end of the Cold War," Information Minister Mushahid Hussain said. "We are looking at the international response and weighing our course of action. The main issue now is not what Pakistan will do, but what the international community will do."

"If Iraq was declared a pariah state for building weapons of mass destruction, we feel the same standards should be applied to India, which in our view doesn't face any real threat to its security from any outside power," Mr. Hussain said. "Otherwise there will be a feeling that Pakistan is the victim of a double standard and that India can get away with anything. It is a litmus test for the world. India has to be given that message which really hasn't been brought home, which is that there is a price tag to its irresponsible behavior."

Many Pakistanis feel that their country has been victimized by discrimination from foreign powers including the United States, which has several times punished it for alleged aggressive acts and human rights violations by imposing arms embargoes and other sanctions.

A decision by Pakistan to join India in the nuclear club by detonating explosions would certainly bring international condemnation. It would also, however, assure Prime Minister Nawaz Sharif of both an enormous surge in popularity and a guaranteed place in Pakistani history. Military commanders are reportedly among those pressing for such a decision.

The pressure on Mr. Sharif was evident during Wednesday evening's Senate session, at which senators from all parties rose to condemn India and heap scorn on the world community for what they described as its cowardly reluctance to impose real sanctions on India's new Hindu nationalist government.

## INDIA: 2 More Devices Are Detonated

Continued from Page 1

that the era of nuclear tensions had passed with the end of the Cold War.

But India was on the sidelines during four decades of U.S.-Soviet tensions, and most of its public has no acquaintance with the anxieties associated with living with a definable threat of being annihilated amid exchanges of nuclear assaults. Among BJP leaders, moving toward the development of a nuclear arsenal is seen as way to win the international respect that India has coveted since winning independence from Britain a half-century ago and to make the world's second most populous nation a "global player," in Mr. Mahajan's words.

Mr. Vajpayee's government has appeared willing to make a nuclear bid for international prestige even at the risk of losing through sanctions most of India's foreign aid, which is targeted at relieving desperate social problems such as poverty and disease or upgrading the nation's inadequate infrastructure.

India has historically been the biggest borrower from the World Bank and in recent years has been one of the world's leading recipients of foreign aid. The World Bank and more prosperous nations have committed about \$7 billion annually to aid India and, according to the Finance Ministry, the inflow in 1994 and 1995 totaled \$4 billion.

But Finance Minister Yashwant Sinha and other officials have confidently predicted that India could cope with the loss of foreign aid because it represents a small part of the nation's output and hard currency earnings.

"There's nothing to panic about," Mr. Mahajan said.

The acceptance of persistent social devastation as a fact of life in India partly explains the seeming lack of concern about international sanctions possibly stopping the flow of some foreign aid.

Another reason is that the upper caste, educated elite among which the BJP has its political base, has been traditionally more concerned about developing advanced technology and asserting the nation's role in the world than about alleviating poverty.

"Nobody can eat these bombs," said Dharendra Sharma, an anti-nuclear activist. "It's an unfortunate waste of resources. Go in the street and see the common people. They are not jubilant."

## An Explanation for Clinton

New York Times Service  
Following is the text of a letter sent Monday to President Bill Clinton from Prime Minister Atal Bihari Vajpayee of India:

Dear Mr. President,  
You would already be aware of the underground nuclear tests carried out in India. In this letter, I would like to explain the rationale for the tests.

I have been deeply concerned at the deteriorating security environment, especially the nuclear environment, faced by India for some years past. We have an overt nuclear weapon state on our borders, a state which committed armed aggression against India in 1962.

Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem. To add to the distrust that country has materially helped another neighbor of ours to become a covert nuclear weapons state. At the hands of this bitter neighbor we have suffered three aggressions in the last 50 years. And for the last ten years we have been the victim of unremitting terrorism and militancy sponsored by it in several parts of our country, specially Punjab and Jammu & Kashmir.

Fortunately, the faith of the people in

our democratic system as also their patriotism has enabled India to counter the activities of the terrorists and militants aided and abetted from abroad.

The series of tests are limited in number and pose no danger to any country which has no inimical intentions towards India. We value our friendship and cooperation with your country and you personally. We hope that you will show understanding of our concern for India's security.

I assure you that India will continue to work with your country in a multilateral or bilateral framework to promote the cause of nuclear disarmament. Our commitment to participate in non-discriminatory and verifiable global disarmament measures is amply demonstrated by our adherence to the two conventions on Biological and Chemical Weapons.

In particular we are ready to participate in the negotiations to be held in Geneva for the conclusion of a fissile material cut-off treaty.

I enclose for your information the text of the press statement issued after the nuclear tests were carried out today. I close with the expression of my highest consideration for your country and yourself.

Yours sincerely,  
A. B. Vajpayee

## INDONESIA: Violence Leaves at Least One Dead as Riots Follow Service for Students Shot by Jakarta Troops

Continued from Page 1

families of the victims and to the academic community for the calamity that resulted in deaths," he said.

Violence flared at about noon as mobs took to the streets, angered by the killings. "This is not a day of mourning but a day of anger," said Alois A. Nugroho, the dean of public administration at the Atma Jaya Catholic University.

Thousands of people also clashed with security forces in Yogyakarta, in central Java, and in Bandung, West Java, where 5,000 students took over the local Parliament and unfurled banners calling for reforms. At several rallies students shouted slogans against Mr. Suharto, calling for an end to his 32-year rule amid chants of "Hang Suharto!" and "Crucify Suharto!"

The violence sent both the rupiah and the local stock market down by more than 6 percent.

The trouble first erupted among non-students in west Jakarta who gathered outside Trisakti University, after 10,000 people congregated inside to mourn the dead.

One man died from a head wound, a morgue official said. A witness said he was beaten over the head by security forces.

Officials from the Trisakti medical center said nine people had been injured, one of them with a gunshot wound.

The Indonesian armed forces set up a team to investigate the shootings, the official Antara news agency said.

"If the evidence shows that security officers violated the proper procedure and existing laws, they will definitely be prosecuted accordingly," a spokesman for the armed forces said.

The U.S. defense secretary, William Cohen, has issued orders requiring approval for any U.S. military activities with Indonesia until further notice because of unrest there, the Pentagon said Wednesday, after the shooting of the six students.

More than 75 blocks of shops with upstairs apartments along the Daan Mogot avenue behind the luxury Ciputra mall near Trisakti University were either badly damaged or burned and looted.

Crowds also burned cars and destroyed street lights as they moved east towards the main Chinese Roky business district, an employee at Central Asia Bank said. Blocked by truckloads of soldiers, they move northwest to the Tubagus Angko commercial and residential area, also mainly populated by ethnic Chinese. The owner of a herbal medicine shop said most of the shops had been looted, many of them selling staple goods. Her family took refuge on the roof to escape smoke from burning premises.

A local hospital said three members of one family were treated for broken bones and burns after they jumped from their burning residence. Five others were treated for gunshot wounds, a nurse said.

Unrest also flared near the Atma Jaya Catholic University in central Jakarta after thousands of students held a free-speech forum there.

Security forces wielding riot sticks, using tear gas and firing warning shots waded in to disperse a crowd of non-students who set a car on fire.

"We as a nation are in mourning," Amien Rais, an opposition figure and leader of a prominent Islamic movement, said at the memorial for the students at Trisakti, hailing them as "heroes."

There were scenes of high emotion later at two Jakarta cemeteries where three of the six students were buried. A fourth was interred in his hometown of Bandung. (AFP, Reuters, AP)

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For the traveler, the place to sample the regional specialties is someone's home. It's a local, family-run, authentic cooking experience in a village.



GR

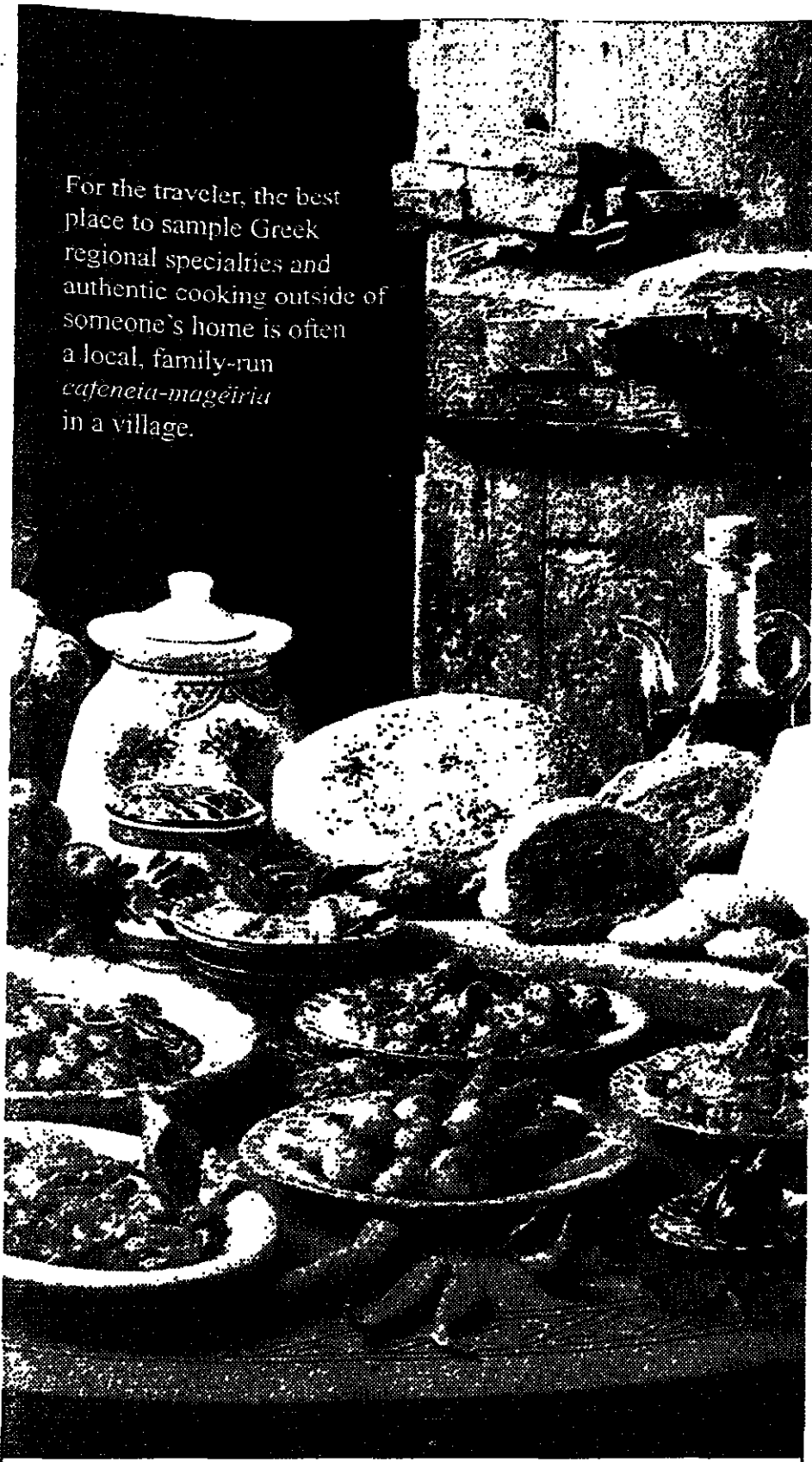
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For the traveler, the best place to sample Greek regional specialties and authentic cooking outside of someone's home is often a local, family-run *cafeneia-mageiria* in a village.

## DESTINATION GREECE DOORWAY TO CUISINE

### A MOUTHWATERING GUIDE TO GREEK GASTRONOMY

A sampling of Greece's regional specialties reveals that its cuisine is one of the best ways to get the know the country.

The culinary map of Greece is unique because its boundaries are often obscured. With the exception of Crete, Ionia and Macedonia, there are no distinct regional food-boundaries, as there are, say, in France or Italy. But there is a host of dishes and products such as cheeses, charcuterie, fruits and vegetables, and even pasta, that are idelibly tied to specific places.

#### Macedonian piquancy

The food in the north of Greece is a fascinating multiethnic melange. Here, Balkan, Slav, Jewish and Anatolian flavors converge, woven colorfully into the rich tapestry of Macedonian cuisine.

The food tends to be spicier up north than it is elsewhere in Greece, and the local palate is honed on the bite of hot red peppers, pickled vegetables, vinegar, yogurt, leeks, walnuts, sweet and tart prunes, and more that make up the culinary alphabet of northern Greek cooking. Unusual combinations — quince cooked with meats, pork simmered with pickled cabbage, curin-imbued meatballs — are among the local fare worth seeking out.

Thessaloniki is Mecca for meze, the small and varied dishes meant to accompany ouzo, *tsipouro* (grape distillations) and delicious local wine. One of the great joys to be experienced in Greece's second city is partaking in the meze ritual. The best places are to be found in and around the city's market, where local politicians, intellectuals, artists and businesspeople

congregate for lunch and dinner. Try the mussels *saganaki*, rice-stuffed mussels, grilled sardines or roasted red Florina peppers.

Thessaloniki is also known as Greece's sweet source for the wealth of pastry and sweet shops all over the city. Specialties include the famed *trigona* *Panoramatos*, luscious custard-filled phyllo triangles; and warm *bougatsa*, another buttery phyllo treat, filled either with custard, cheese or greens.

The former is the breakfast of choice for those with a penchant for a morning jaunt to one of the city's dozens of outdoor cafes. Other sweets include a wealth of traditional honey-and-syrup-soaked desserts, known as *simpiasta*: *kacantipi*, a creamy, pudding-like dessert; and *ekmek kataifi*, a nut-filled shredded-wheat pastry topped either with ice cream or rich buffalo-milk clotted cream.

The rugged mountainous terrain in the northwest is more often than not off the tourist track. This region offers travelers some of the most pristine terrain in all of Greece. The food up here is simple, and the region is most famous for its homemade phyllo and vast wealth of savory pies.

There are dozens, if not hundreds, of pies, including savory and sweet cheese pies, milk pies, greens pies, leek pies, meat and rice pies, and even pies filled with lentils. In local tavernas, one is apt to find a smattering of *pites*, as pies are known in Greece. Game, especially lo-

cal deer, wild goat and fowl, is another local specialty.

For the culinary traveler bent on an edible souvenir, the things to look for in the area are excellent sage honey (found in villages only), great *feta* cheese, a tart local cheese called *xinotyri*, and soft white sheep's or goat's milk cheese.

Moving down the Pindus Mountains from Epirus and into Thessaly, one arrives in the great wheat belt of Greece, where grains and meats dominate the menu, the former in the form of breads and pies and many varieties of *halvah*; the latter in the form of large roasts and organ meats.

In Mount Pelion in the summer, a major attraction (in addition to excellent *tsipouro* at the local tavernas) is the variety of local fruits. In Zagora, one of the main villages, the local women's cooperative produces an excellent array of spoon sweets, preserves and other local specialties.

In Volos, the thing to do is head toward one of the city's dozens of *ouzeries*, cateries that specialize in ouzo or *tsipouro* and often serve dozens of small meze dishes to accompany them.

In the southern "hand" of Greece, regional flavors become slightly more difficult to pinpoint. The Peloponnese is the place where *avgolemono* — Greece's tangy egg-and-lemon sauce — reigns supreme in all manner of dishes, from artichokes to meat. Tomatoes are another defining element in the cookery here, as the region is Greece's main producer of

them. In summer, lucky travelers might stumble across small tomatoes laid out to dry on planks in the sun, an old village preparation.

The Peloponnese, though, is known less for its cuisine *per se* and more for the famed products it turns out. First and foremost among them is the olive and its oil. Kalamata is the region's capital and home to the world's most renowned olive. Nafplion is the home of the tangy cracked green olives. The olive oil is unspeakably good, and some of the best in the world is to be found in the southernmost part of the region.

In addition to olives and olive oil, there is a host of other specialty goods either fit for bringing home or for savoring on the spot. Among them are the delicious orange-scented pork sausages: *singlino* or *pasto*, both cured pork products found all over the region and easily available in Kalamata; dried figs, especially those sprinkled with sesame seeds; sesame brittle, known as *pastelli*; and, finally, some unusual cheeses, namely *syfeta*, a sharp, brine-aged sheep's milk cheese.

#### Island delicacies

Generally, island cooking all over Greece is a simple affair. The Ionian islands, however, are an exception. On Corfu, Paxi, Lefkada, Ithaca, Cephalonia and Zakynthos, the local cookery still pulses with a kind of multiethnicity, for here the Venetians and later the Russians, French and British all left traces in the region's cookery.

The three most famous dishes from Ionia are from Corfu: *boufeto*, a peppery fish stew; *pastitsada*, a veal and pasta dish; and *soprito*, a pungent veal dish with vinegar, garlic and parsley.

Visitors to Corfu in the early fall might stumble across another local specialty, the *sikounathu*, found at the farmers' markets. This is a kind of dried fig paste flavored with ouzo and pepper, shaped into disks and wrapped in chestnut leaves.

Ionia is also home to some of the best charcuterie in Greece. First among them is Corfu's *Noumboulo*. This is a smoked pork fillet soaked in wine and pepper, traditionally prepared in winter and ready to eat at Easter.

Another Ionian specialty is the air-dried salami from Lefkada, which, on the island, is eaten as a meze or as an accompaniment to bean soups and stews. In Zakynthos, we find two delicious cured meats, *hiromeri* and *pancetta*. The former is a cured pork loin seasoned with garlic, pepper, and cloves, steeped in brine for three months, then rinsed in the sea and left to dry in the sun. It is usually eaten as a special treat on Easter. *Pancetta*, on the other hand, is a kind of cured, smoked sparerib.

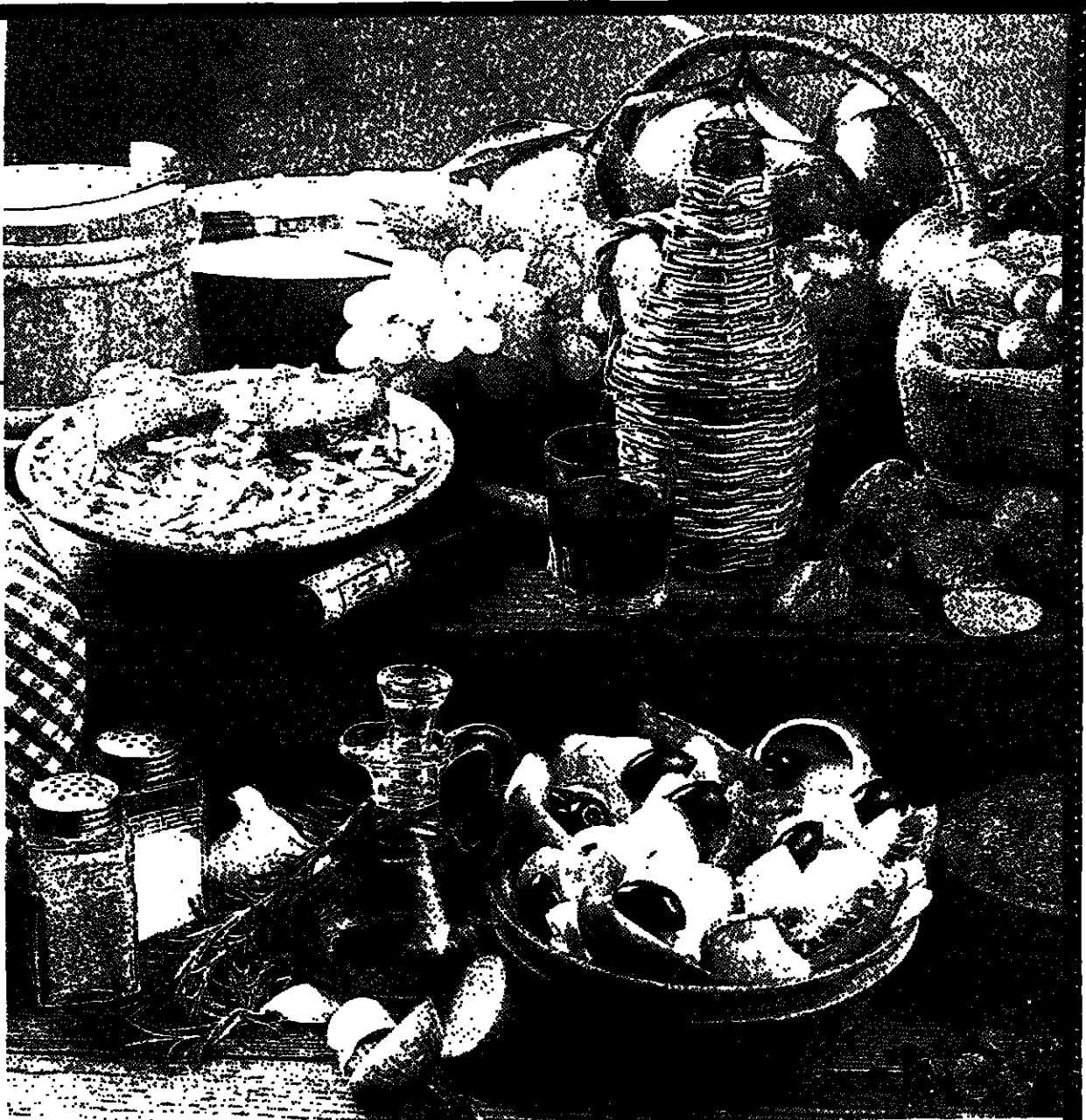
The landscape throughout most of the Cyclades is sparse, and in many ways so is the cuisine, but there are a host of delicacies, including cheeses, legumes, capers, some unusual cured meats and delicious pastries that come from these majestic islands. ●

# GREECE:

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GREECE: The Authentic Choice



## TribTech

## 24 Military Satellites Can Tell You Where You Are — For \$249

By Katie Hafner  
New York Times Service

Farmers use GPS for precision planting and fertilizing. Golf carts equipped with GPS tell players how far they are from the pin and offer tips like a caddy. Long-distance runners use GPS as an electronic whip, to keep to a six-minute mile. GPS tracking is used in the Iditarod dogsled race in Alaska, where nothing but whiteness can stretch for miles.

GPS, which stands for Global Positioning System, has truly gone global. GPS satellites pinpoint latitude and longitude coordinates on Earth, and GPS receivers on the ground now range from handheld units for hikers and boaters to sophisticated systems accurate enough to put a plane down on a runway.

GPS receivers may someday become as pervasive and indispensable as the system's cheerleaders expect. Industry trade groups predict that the market for all GPS-based products, now at around \$2 billion annually, will rise to \$8.5 billion by 2005.

The potential future uses are compelling — or frightening, depending on your perspective. Global positioning will be used to track Alzheimer's patients with receivers embedded in their clothing. When your car's "check engine" light flashes, you will be guided to the nearest least busy service station.

The Global Positioning System, developed in the United States by the Department of Defense in the 1970s, consists of 24 satellites that orbit Earth every 12 hours. The satellites transmit continuous time and position data to ground-based receivers. The system was originally intended to pinpoint the positions of soldiers, weapons and targets. Now that civilians are in the picture, it can be used as a trip calculator, compass,

speedometer or scientific measuring device.

The satellite network has always had a security feature that deliberately limits accuracy to about 100 meters, or 328 feet, for users outside the United States military. That limitation, known as "selective availability," was put into the system to blur its accuracy if enemy forces tried to use the network to locate targets.

For years there have been clever but expensive techniques to get more precise readings. But for the average user without that capability, the difference can be a city block. The government is planning to phase out the security feature but has not set a date.

For a GPS system to be truly useful, it needs links to other information sources, such as a map.

Perhaps the most popular recreational uses for GPS receivers in the United States are for boating and hiking. For not much more than the price of a Gore-Tex jacket, you can buy a small GPS receiver that slips easily into a large pocket. That reflects a steady drop in price. Six years ago, a basic receiver cost \$2,000. Today, receivers of similar quality cost \$249.

Problems arise, however, when people set out for the mountains with a GPS receiver and no compass or topographical map. Should the batteries die on the trail, the situation

could quickly turn dangerous.

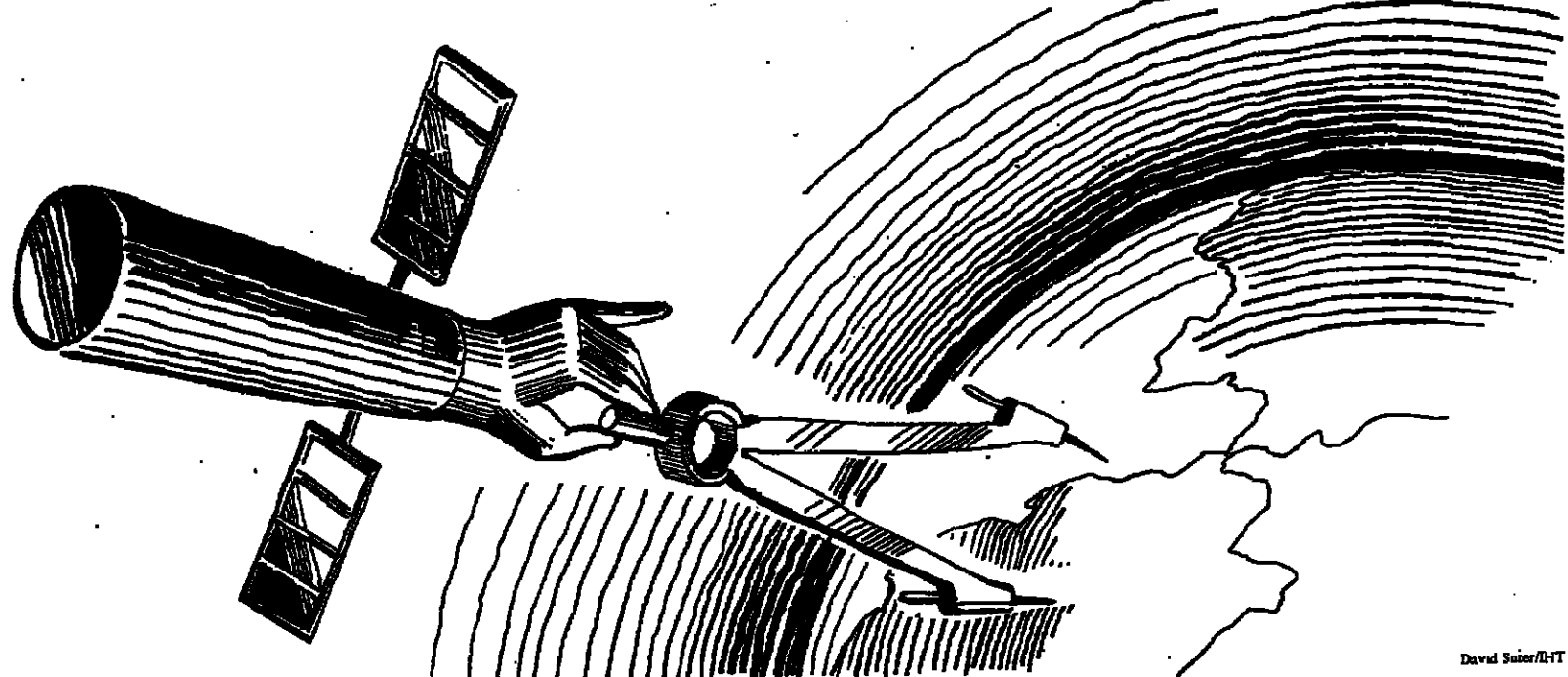
"Certainly, having a GPS receiver gives you a false sense of security," said Matt Sanders, an assistant electronics buyer at West Marine of Watsonville, California, a leading supplier of boating equipment. "We encourage our customers to think of the GPS receiver as an aid but not the sole means of navigation."

Safety has become a big catchword with GPS. Police and fire departments use GPS data when dispatching units to a crime site or fire, and the U.S. Federal Communications Commission has ruled that by 2001, all cellular phones must be equipped with GPS receivers or other location devices that will enable the police to locate the user of the phone.

Arkenstone, a company in Sunnyvale, California, is developing a GPS kit for the blind. The system, called Strider, consists of a portable computer with a so-called talking map, a GPS receiver and a separate differential receiver for correcting the signal error, all to be worn in a backpack. Strider is meant to supplement, not replace, a guide dog or cane.

"Dogs are good at spotting open manhole covers," which a GPS receiver cannot do, said Jim Fruchterman, the president of Arkenstone.

In the commercial market, the GPS killer application is supposed to be a car that can tell you when to hang a left. American drivers lag far behind their counterparts in Japan. Nearly 2.5 million



David Sauter/RTT

GPS units are installed in cars in Japan, compared with just 18,000 in the United States, according to Dataquest, a research company in San Jose, California.

Analysts point to the high price of in-car GPS units — \$2,000 to \$3,000 — and to the spotty reliability of the systems to explain their slower acceptance by Americans. Hertz Corp.'s Never Lost system is now installed in 8,000 rental cars.

Of course, the privacy implications surrounding the system loom large. Its job is to pinpoint locations, which can have creepy associations.

There is "no centralized Big Brother" executing a plan to fit us all with GPS dog collars," said Phil Agre, an associate professor of communication at the University of California at San Diego. "But at the same time, GPS is a natural extension of computer system design, which has very much to do with tracking, with arranging for things to cast digital shadows."

As for how long it will take for GPS technology to become commonplace in everyday life, and how much effect it will really have, Dr. Agre offered an aphorism from Bill Gates, the Microsoft chairman: "People often overestimate what will happen in the next two years and underestimate what will happen in 10."

## SITES

Global Positioning System data and information maintained by the U.S. Naval Observatory can be found at: [tycho.usno.navy.mil/gps\\_datafiles.html](http://tycho.usno.navy.mil/gps_datafiles.html)

The University of Texas at Austin provides an in-depth history of GPS at: [www.hsc.utexas.edu/fip/public/gps/gpsnotes/gps/gps.html](http://www.hsc.utexas.edu/fip/public/gps/gpsnotes/gps/gps.html)

## Intel's New Chief Steps In Just in Time for Turmoil

By Tom Buerkle  
International Herald Tribune

LINLIP, Ireland — Craig Barrett is a man in a hot seat. On the eve of his appointment as chief executive officer of Intel Corp., he is about to succeed the legendary Andrew Grove just as turmoil in the computer industry and the Asian economic crisis have brought a halt to a decade of spectacular growth at the world's leading chipmaker.

So how does it feel? "On a day-to-day basis, I see two shadows: my wife's and Andy Grove's," says Mr. Barrett, 58, now Intel's president and a 24-year veteran of the company. "They're both very tough acts to follow."

That kind of low-key humor is typical of Mr. Barrett and the way he approaches the challenge of reigniting growth at Intel. While some in the industry say today's keener price competition and segmentation of the personal-computer market pose a serious threat to Intel's

dominance, Mr. Barrett sees more of a continuation of the competitive environment in which Intel has thrived to date.

"I think we've always had competition, so I don't think that's anything new," he said, dismissing the suggestion that he faced a tougher test than Mr. Grove did a decade ago. He recalled how Intel fought off clones of its 386 and 486 chips in the late 1980s and the introduction by Motorola Inc. of the rival PowerPC chip in the early 1990s.

"We survived that," he said. "That's why we're paranoid" — an allusion to the title of Mr. Grove's latest book, "Only the Paranoid Survive."

Mr. Barrett, who spoke here Monday after opening a \$1.3 billion chip plant in this small town near Dublin, is too careful to predict a quick turnaround for Intel. Revenue will be flat at best in the current quarter, he said, and talk of a



Craig Barrett of Intel.

second-half upturn remains a hope, not a forecast. It is too soon to say when demand will recover in Asia, he said, although continued growth in China — its biggest market outside Japan — is an encouraging sign.

But the long-term outlook remains positive, he insisted.

Mr. Barrett acknowledged that Intel had been late to respond to the movement of the PC market and said it would do so later this year with the launch of Celeron, a stripped-down version of the Pentium II processor for low-priced PCs. The new plant in Ireland, where Intel employs about 4,000 people, will produce Pentium IIs as well as Celerons.

But Mr. Barrett said he saw these entry-level PCs as a vehicle for growth rather than a permanent shift to lower margins in the industry.

"I think low-priced cars expanded the automobile market," he said. "It's my hope that sub-\$1,200 PCs will expand the market and not cannibalize the market."

Other forces also should drive demand for high-performance chips. New, power-hungry applications are just on the horizon, such as voice recognition. Intel executives dazzled the audience at the plant opening here by demonstrating new software that enabled a PC to take dictation with impressive speed and accuracy using the power of a 450-megahertz Pentium II processor, which Intel will begin shipping this year.

All of this seems to add up to a steadily growing market.

"Our vision is pretty simple: a billion connected PCs," Mr. Barrett said. Intel says such a huge installed base is possible early in the next decade and will sustain annual worldwide sales of 200 million machines, more than double the 85 million sold in 1997, as well as fueling demand for more powerful machines such as workstations and servers.

## How to Check Your PC for the Turn of the Century

By Scott Gerlach  
Reuters

NEW YORK — Are you worried that your personal computer isn't Year 2000 compliant? Some simple guidelines and publicly available software can tell you.

The millennium bug may lurk in any of three locations on a personal computer — in software applications, in the operating system or in the BIOS, the basic instruction set that governs the computer's operation.

Once turned on, a PC relies on its BIOS (basic input/output system) to check the data stored in the system's real-time clock. The operating system then grabs the date and time from this clock, and applications draw date information from the operating system.

Software compliance should be checked with the program's manufacturer, and there is a good chance such information can be found on the World Wide Web. Diagnosing the hardware and the operating system's susceptibility is a bit more straightforward.

Users of IBM-compatible machines might face problems if their systems rely on a Pentium processor or an older

chip. Some Pentiums, 486s and their predecessors, are not "century date" compliant. Machines with more recent Pentium chips or Pentium II processors should have no hardware problems.

A diagnostic software utility may be downloaded free of charge from the Web site of the U.S. National Software Testing Laboratories at: [www.nstl.com/html/mark\\_2000.html](http://www.nstl.com/html/mark_2000.html)

The program, called YMARK2000, temporarily sets the computer's internal clock to read 10 seconds before the millennium and then monitors its ability to roll over to 2000.

Microsoft Windows, the dominant operating system for Intel-based computers, also exhibits mixed millennium compliance.

Windows 98 and Windows NT 4.0 — and any evolutions thereafter — should have no century date problems. Windows 3.x and older revisions of Windows 95 may need to be upgraded to elicit full compliance.

Microsoft maintains a Web site with information on the millennium readiness of all of its products at: [www.microsoft.com/year2000/](http://www.microsoft.com/year2000/)

A mountain of information resides at

this site, regarding not only Windows but also applications such as Word and Excel. Apple Macintoshes and compatibles have been ready for 2000 since their genesis in 1984. Interestingly enough, however, current Macs will have trouble in the year 2994 — keep that in mind if your business plans extend 28,000 years or so.

Mac-related millennium information can be found on Apple's Web site at: [www.apple.com/macos/infocenter/2000.html/macos](http://www.apple.com/macos/infocenter/2000.html/macos)

Users of Sun Microsystems computers, a Unix operating system platform, can check compliance on Sun's site at: [www.sun.com/y2000](http://www.sun.com/y2000)

## BRIEFLY

• **BT'S MULTIMEDIA FUTURE:** British Telecommunications PLC plans to invest £800 million (\$1.3 billion) to upgrade its network to accommodate growing Internet traffic.

BT said that by 2003, the volume of Internet and other multimedia traffic would match the number of ordinary voice calls, which currently account for about 90 percent of its revenue.

It said the latest investment was being made to handle new services such as electronic trading, mobile and broadband data integration and digital broadcasting.

The investment brings to £1.1 billion the amount BT has agreed to invest so far this year to attract more data to its network. (Bloomberg)

• **LET THEM ENCRYPT:** Noting that powerful computer software to scramble electronic messages is already available internationally, sponsors of a new U.S. Senate bill want President Bill Clinton's administration to ease restrictions on exports of American-made encryption software.

The legislation, introduced Tuesday, also would guarantee the right to scramble messages using nearly unbreakable codes. It could increase pressure on the administration to ease restrictions, including export limits, on the technology.

The Justice Department, and specifically the FBI, opposes uses of encryption that do not leave a way for law-enforcement officials to unscramble messages in investigating crime, and it wants limits on sales of American-made encryption software. (AP)

• **ULYSSES' TRAVELS:** WorldCom Inc. has scheduled completion of its European fiber network for this summer, said Mark Weeks, a spokesman.

The first loop in the network will link London, Amsterdam, Brussels and Paris and will be ready for service in July. The second loop links Frankfurt, Brussels, Amsterdam and Paris and is sched-

uled for completion in August.

Analysts said that because WorldCom's network, called Ulysses, was owned by one operator, it would avoid the need for international interconnection agreements. WorldCom is therefore likely to take market share in the international business-calls sector from established companies such as France Telecom and Deutsche Telekom AG, they said.

WorldCom already has local networks in the cities Ulysses will serve, and the new system will link these networks. (AFX)

• **A DIGITAL CAR?** Chrysler Corp. this week introduced a digital manufacturing system it hoped would cut months from vehicle-development times.

The third-largest U.S. automaker's next-generation production system will result in savings of more than \$20 million per assembly plant, said Dan Vandenbosche, Chrysler's manager of manufacturing technical support.

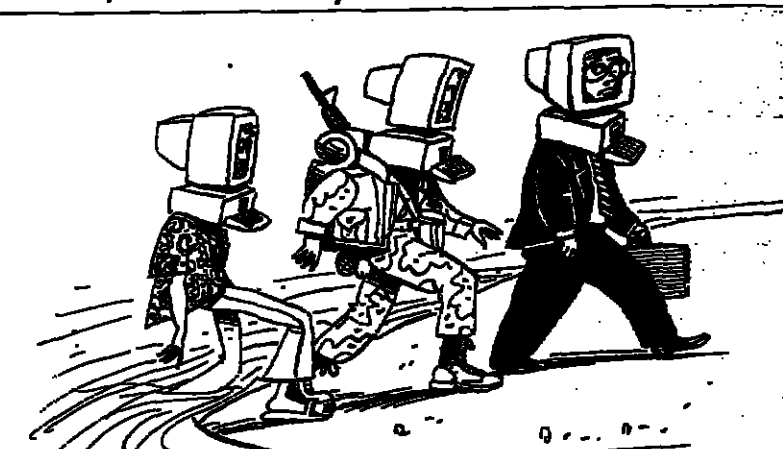
The system, known as Control Program and Analysis, was unveiled by Chrysler and its suppliers Rockwell International Corp., Dassault Systemes SA and its Deneb unit, and Progressive Tool & Industries Co. in conjunction with an industry engineering conference in Detroit this week.

The automaker's current standard for vehicle development is 23 months, the time it took to develop the Dodge Durango sport-utility vehicle. In contrast, 10 years ago the standard was five years, Mr. Vandenbosche said.

The new system is faster and consistent, which results in higher quality, greater predictability and ease of use, Mr. Vandenbosche said. The new system, he said, can write software in eight minutes that an engineer would need three weeks to create.

Mr. Vandenbosche declined to say whether the technology would be shared with Daimler-Benz AG, which announced last week that it was acquiring Chrysler. (Reuters)

## ALT / Commentary



Randy Jones/IST

## Big Firms Slow It Down

Cooperation, Not Competition, Drives the Net

By Douglas Rushkoff  
New York Times Service

NEW YORK — How can you object to a market-driven Internet when it's the market that is driving technological innovation, universal access and competitive pricing?

This, anyway, is the argument that business people throw at me when they hear my anti-business tirades.

How can I? My answer is that it is not the brute force of the marketplace that has brought us any of the major technological and social leaps leading to what we now know as the Internet. These innovations have been driven by cooperation, not competition.

Eudora, Usenet, the Web browser and chat were not developed by companies but by universities. They were not sold in stores but distributed as "shareware," for free. They were not developed by people looking to make money but by students and researchers hoping to advance the state of networked culture. The protocols that allow our computers to communicate were developed collaboratively. These standards were not set by business monopoly or "first-to-market" incumbencies but by committee.

Many of us, including me, were mistakenly convinced that the U.S. military had had a lot to do with this. An essay by the science-fiction writer Bruce Sterling, in which he outlined how the Defense Department and the Rand Corp. think tank had created the Internet as a way for the military to maintain communication in the event of a nuclear war, is only half true.

What really happened is that the Defense Department saw that the existing communications infrastructure developed by scientists and universities could survive a nuclear war and could be used by military installations in this eventuality. Because of this, the Defense Department funded additional research.

The fact remains that every single major development in on-line technology and communication came as shareware. Since big business took the wheel, we haven't seen anything significant — except maybe Java, an Internet programming language invented at Sun Microsystems Inc., which is itself distributed for free.

Microsoft Corp. and Netscape Communications Corp. have developed increasingly sophisticated browsers and e-mail programs that don't really do anything more than early shareware versions of Mosaic and Eudora did — except to take up more hard-drive space and processor speed.

The companies creating these programs also (intentionally) create all sorts of compatibility problems as they fight for market share.

While shareware developers create programs to address needs, businesses develop programs to create needs. It is a bizarre form of reverse engineering, where the research department figures out how to do something new, and then the marketing department determines how to sell it.

By setting standards and fighting compatibility, companies can ensure that their customers will need to buy new machines and software if they want to keep communicating with others. Competition devolves.

Not true, business folks argue: In the long run it will all be better. The force of competition drives evolution. "Survival of the fittest" may sound hard, but it's what allows a species to develop.

At first, perhaps that's true. But many species also evolve unique bits of shareware that benefit groups and not just individuals. The poison in a mosquito's bite benefits not the mosquito who has stung us but her buddies. Our nervous itching releases a hormone into our sweat that the other mosquitoes can smell in order to find us.

Evolution — and survival — are team sports.

This also applies to the Internet. Unlike many of our technologies, the Internet depends on cooperation for its survival.

No wonder it requires a supreme effort, the likes of which only a Microsoft can afford, to impose standards for profit in such an environment.

Businesses encourage us to

think of ourselves as shareholders rather than community members. The bottom line is money, and how much of it we'll get to keep for ourselves.

Such an ethic does not promote innovation in the style or technology of group dynamics. On the Internet, the true bottom line is communication. This is why the only productive ethics have always been education and the free exchange of ideas and tools. Shareware is a more highly evolved survival mechanism than competition.

But business, proponents argue, pays for ads on the Web, allowing for all these terrific Web sites!

Actually, that is not true. The advertising business model has not worked on-line — only direct sales sites such as Amazon.com and pay-for-access sites have turned a profit. Banner ads don't work, and the commercial-content providers that depend on them are dropping like flies.

Maybe that is what will finally end the argument. The businesses attempting to steer the Internet will just go out of business.

Douglas Rushkoff is an author and consultant on computer issues.

TECHNOLOGY INDEX			
A glance at technology stock indexes around the world			
North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	360.01	+0.32	+23.90
Standard & Poor's Technology Composite	889.85	+0.85	+27.13
Europe			
Morgan Stanley Eurotech	564.28	-1.95	+46.49
Asia			
Topix Electric	1777.53	-0.65	+8.11

Sources: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Sony Gets a Lift From Box Office, May 8
- Chip Sales Take a Global Dip, May 9-10
- High (Tech) Stakes: Buying What the Big Guys Buy, May 9-10
- Apple Polishes New Macintosh Operating System, May 12
- Computers Get Credit for More Than They Should, May 13
- With Bid, SBC Bets on Local Phone Market, May 13
- Cable TV Takes Toll on Telekom, May 13

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to [tribtech@ihl.com](mailto:tribtech@ihl.com).

International Herald Tribune

The Fed Air  
In Era of Global Ma

By John M. Barry

NEW YORK

The Fed's move to raise interest rates

has been a surprise to many observers

who expected a more gradual approach

to tightening monetary policy

The move is seen as a signal of the Fed's

commitment to fighting inflation

The Fed's decision comes as the economy

shows signs of slowing down

The move is expected to lead to higher

interest rates and a stronger dollar

The Fed's action is a key test of its

independence and its ability to

control the money supply

The move is expected to have a

significant impact on global markets

The Fed's decision is a reflection of

its long-term commitment to price

stability and economic growth

The move is expected to be a

turning point in the Fed's history

The Fed's action is a bold move

that will shape the future of the

economy and the role of the Fed

The move is expected to lead to

a more stable and predictable

economic environment

The Fed's decision is a testament

to its leadership and its ability to

navigate the challenges of the

global economy

The move is expected to have a

lasting impact on the world

The Fed's action is a key moment

in the history of the Federal

Reserve System

The move is expected to lead to

a more balanced and sustainable

economic growth

The Fed's decision is a reflection

of its commitment to the

American people

The move is expected to have a

positive impact on the global

economy

The Fed's action is a bold and

correct move

The move is expected to lead to

a more prosperous and

stable future

The Fed's decision is a testament

to its wisdom and its ability to

lead the nation

The move is expected to have a

significant impact on the

economy

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lead the nation

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significant impact on the

economy

The Fed's action is



## The Fed Aims Its Secrets for All to See

### In Era of Global Markets, Bank Takes Steps Toward Transparency

By John M. Berry  
Washington Post Service

NEW YORK — The word "secretive" is often used to describe the operations of the Federal Reserve Bank of New York. From a trading desk on the ninth floor of a building in the heart of Manhattan's financial district, central bank officials buy and sell U.S. Treasury securities in vast quantities, sufficient to keep short-term interest rates where they want them.

But secrets are increasingly difficult to keep in a world of global markets and instant communications.

Peter Fisher, the bank's 42-year-old executive vice president, says the bank has had to become far more flexible and open in its trading activities.

Mr. Fisher, who has run the central bank's domestic and foreign-trading operations for three years, says he welcomes the new openness. He has a lot of dealings these days with the 36 primary dealers, the government-securities arms of banks and brokerages that are qualified to deal directly with the Fed.

"I want the dealers to think of me as a picky customer so we can deal with each other on a business basis that will benefit us both," Mr. Fisher said.

In the past, for example, the Fed kept mum on how many Treasuries it wanted to buy or sell, and engaged in several transactions simultaneously with multiple firms to help disguise its dealings. Now its total buy or sell order is fed into computers for all primary dealers to see.

Last month the Fed acted as the agent for the Bank of Japan in selling \$12 billion worth of Treasury bills. The transaction marked the first time the Fed told the dealers not just what was being sold

on behalf of a customer, but how much.

Mr. Fisher has also engineered a more difficult and nuanced change for its own "open market operations," jargon for its trading activities. Until last year, government bond dealers waited eagerly for 11:31 or 11:32 every morning. That was the time at which the mighty Fed would start wheeling and dealing.

But Mr. Fisher and other Fed officials found themselves on some days unable to buy enough government securities from banks — and thus unable to pump the amount of money into the financial system needed to keep interest rates where the central bank wanted them — because the dealers had by 11:30 already finished billions in other trades and hadn't enough securities to sell.

Mr. Fisher responded to that problem by moving the intervention time up an hour and hopes eventually to move it up to 9:30 A.M. Now, shortly before 10:30 most weekday mornings, there is a conference call with the Fed officials in Washington — one regional Fed bank president always listens in — to discuss the state of the money markets and what intervention is needed to keep the federal funds rate on target. And once that is agreed on, Mr. Fisher has interjected a new tradition, part of his pursuit of "maximum flexibility."

Instead of just intervening at a set time, one Fed official takes a small leather game cup from a shelf, gives it a quick shake and rolls a single die onto the table. Whatever comes up, 1 to 6, determines the minute after 10:30 at which the Fed sends its computer message to the dealers to begin its effort to keep overnight interest rates where the Fed wants them.

Mr. Fisher said his goal was to achieve "maximum flexibility" in the

trading operations. To that end, for example, the trading desk has had to become "more responsive to market conditions," particularly as the Treasury has cut back issuing new securities as the federal budget deficit has come down.

In one surprising departure, Mr. Fisher has encouraged big banks caught short of cash late in the day to come to the Fed's discount window to borrow money directly from the central bank rather than try to borrow from other banks or brokers. A bank scrambling for cash can drive up overnight rates and destabilize the market.

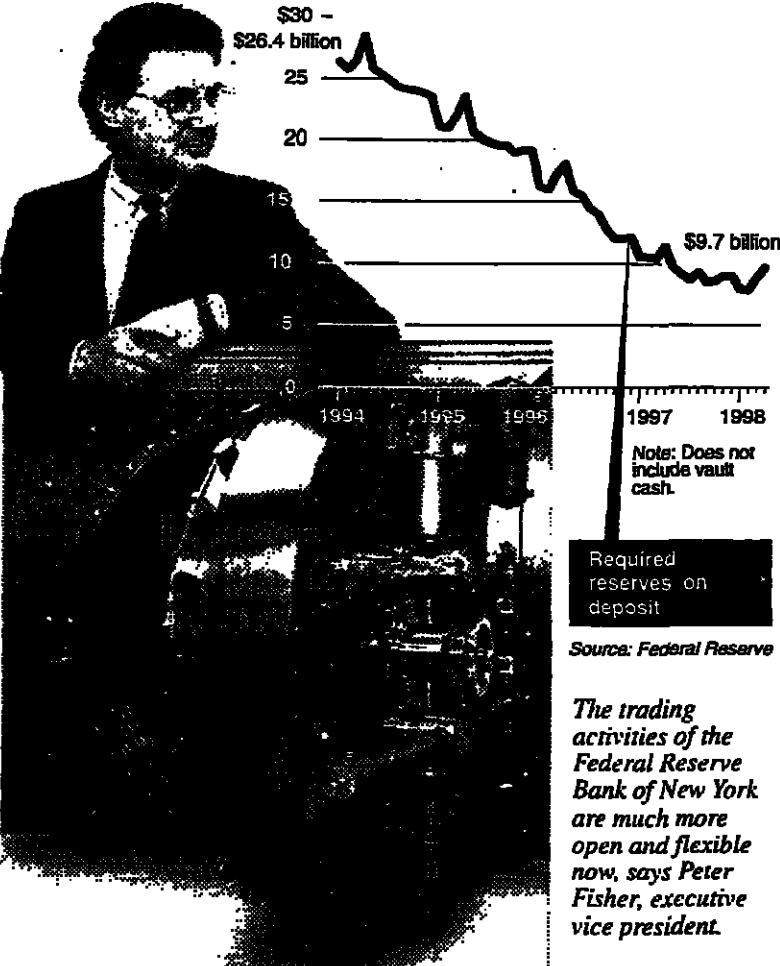
In the past, such borrowing was discouraged. The Fed's attitude has had to shift because a variety of developments have sharply reduced the level of reserves — the cash financial institutions must keep in noninterest-bearing accounts at Federal Reserve banks.

Since the Fed pays no interest on the banks' reserves it holds, large banks have made a major effort to minimize them by establishing so-called sweep accounts. At the end of each day, the banks "sweep" the money out of checking accounts and put it in overnight investments that pay interest to the depositors.

The advent of sweep accounts has reduced required reserves to the point where the Fed has a much smaller margin of error in calculating how much money the banking system needs. It also makes it much more difficult to manage reserve levels as a way of hitting the Fed's target for the short-term federal funds rate, currently 5.5 percent, which is its key operational tool for stabilizing the economy. A "miss" by the Fed on adding cash to the system can cause overnight interest rates to bounce up or down unexpectedly.

## The Fed's Balancing Act

The Federal Reserve has less margin for error now in deciding how much money to pump into the banking system to keep overnight interest rates where it wants them. The biggest reason: Banks have found ways to reduce the level of reserves they must keep in non-interest-bearing accounts at the Fed.



## Legislators Attack Deal On Banker

### Europe Parliament Seeks Delay in Duisenberg Exit

By Barry James  
International Herald Tribune

PARIS — The European Parliament on Wednesday confirmed the appointment of Wim Duisenberg as president of the European Central Bank, but with a slap at Europe's politicians it cast doubt on the length of his tenure.

Mr. Duisenberg was appointed for an eight-year term at a Brussels summit meeting of European Union leaders May 2 only after the former Dutch central banker gave his word that he would step down halfway through the term to make way for the French central banker Jean-Claude Trichet. The deal caused an uproar in Germany and elsewhere over fears that the future bank would be susceptible to political interference.

The Parliament, meeting in Strasbourg, added an amendment saying that Mr. Duisenberg should not exit at the same time as the bank's vice president, Christian Noyer, a French Treasury official who will serve a four-year term.

The amendment implied that Mr. Duisenberg should serve longer than expected. He has said he expects to serve until the middle of 2002 to oversee the introduction of new euro banknotes and coins in the middle of that year.

The euro will become reality for non-cash transactions Jan. 1, while the bank, which will set interest and exchange rates for the 11 countries adopting the new currency, will start operations July 1.

Separately, the European Commission, the executive arm of the European Union, praised member governments for their progress in drawing up national action plans for unemployment.

Joint action to foster growth and fight unemployment is considered the reverse side of the coin in introducing the euro. As part of their growth commitments, EU members agreed to prepare unemployment action plans. At their year-end meeting in Vienna, leaders will examine how effective governments have been in translating these programs into action, and identify those practices that can best be used generally throughout the EU.

The Brussels-based commission did not, as some reports have suggested, criticize Paris and Rome for the plans to shorten the workweek to 35 hours. Instead, it singled out the programs of France and Spain, two countries with among the EU's worst unemployment records, for setting out specific priorities and quantifying the efforts and resources needed to deal with the problem.

Many members of the European Parliament, on the other hand, were harsh in their criticism of governments, making it clear that they did not approve of the horse-trading that led to the awkward Brussels compromise.

The wheeling and dealing had taken EU citizens to the "clear limits of their patience," said Christina Randzio-Plath, who compiled the Parliament's report on the six nominees to the bank's executive council, including Mr. Duisenberg.

Although the legislature had no authority to reverse the leaders' decision or set the timetable for any bank officer's departure, a vote against any of the nominees could have been political damaging for the central bank's credibility.

Mr. Duisenberg had intimated that he would not serve if he failed to win the Parliament's confidence. He was approved, 439 votes to 40, with 59 abstentions. The other council members — Mr. Noyer, Eugenio Domingo Solans of Spain, Omar Issing of Germany, Sirikka Hamalainen of Finland and Tommaso Padoa-Schioppa of Italy — were confirmed by similar margins.

## In Face of Labor Protest, Athens Outlines Plans for Privatizations

Compiled by Our Staff From Dispatches

ATHENS — Defying threats by labor unions, Greece announced Wednesday a timetable for selling stakes in or operating licenses for 11 state companies over the next 17 months to raise more than \$2.6 billion as the country attempts to qualify for European monetary union.

The plans include the September sale of a 15 percent stake in Hellenic Telecommunications Organization SA, Greece's largest company, and the July sale of the state's remaining 80 percent stake in Hellenic Duty Free Shops SA, the largest commercial retailer. These two sales would raise about

800 billion drachmas (\$2.6 billion) this year, the government said.

The list also includes the Athens and Thessaloniki water boards and ports, up to 49 percent of which will be offered to investors, as well as the Corinth Canal, the Horse Racing Organization and the Thessaloniki Trade Fair.

"The flotation of the 11 state corporations will reap significant benefits for Greek citizens," said Finance Minister Yannis Papadoniou.

The Athens bourse appeared to welcome the news, as the ASE Composite Index closed at 2,494.66 points, up 2.3 percent.

The announcement came just days before an anticipated labor reaction to the planned sale of state banks. Strikes at banks are expected to start Friday and run through June 5, and Greece's largest labor organization, the General Confederation of Greek Workers, has called for a nationwide anti-privatization walkout on May 27 — the third in two months — to protest state-asset sales and labor reforms.

"The government will not sacrifice its important targets, such as joining EMU, to the alar of intense although limited labor-union reactions," Mr. Papadoniou said.

Labor reaction has made for a rocky road to economic recovery for Greece, the only EU member to be left out of the first phase of Europe's monetary union for failing to meet economic criteria.

Determined to qualify by 2001, it has vowed to streamline its economy and shrink its bloated public sector. It devalued the drachma by 14 percent and entered it in the European exchange-rate mechanism March 14. The privatizations, if successful, are expected to help Greece cut its budget deficit to less than 3 percent of gross domestic product, one of the requirements for joining the common currency. (Reuters, Bloomberg, APX)

## INTERNATIONAL MANAGER

### Home Depot Chief Builds A New Outlook: His Own

By Jennifer Steinhauser  
New York Times Service

ATLANTA — Their roles were always clear. Bernard Marcus, co-founder of Home Depot Inc., served as the public face and very animated face of one of the fastest-growing retail companies in the United States. As chief executive for 19 years, he sparred with investment bankers, told jokes at company dinners and was universally viewed as the man who put the fun in two-by-fours and toilet plungers.

The other co-founder, Arthur Blank, was the operations guy. He crunched the numbers and kept a close eye on inventories. Funny and personable in his own right, he still let Mr. Marcus hog the limelight.

But in the year since Mr. Marcus handed over the chief executive's reins and edged into the background as chairman, Mr. Blank has quietly begun to make his mark.

He is doing so at a crucial time. All fast-growing retailers that spend years putting stores in every corner of the country must one day face the challenge of keeping the excitement alive, for both investors and shoppers, even as untouchable territory dwindles. For Home Depot, that time is now, so it falls to Mr.

Blank to steer the company into new markets and expansion by acquisition. This year "was more challenging than any I remember," Mr. Blank said during an interview in his office, which overlooks a sea of trees on the edge of downtown Atlanta.

Although Home Depot is best known as the do-it-yourself giant, providing everything from screws to electrical wiring for American fixer-uppers, the company is determined to branch out.

It is trying to snag more professional builders and, through its new Expo stores, bring in upper-income shoppers who want someone else to redo their homes. And recent acquisitions show that it has other irons in the fire.

Perhaps most significant to employees, Mr. Blank is padding out the free and easy management structure by recruiting senior executives from outside to help steer the company in new directions.

The story of Home Depot's beginnings is practically the stuff of retail legend. Mr. Marcus and Mr. Blank met in 1968 when both worked for the Handy Dan home-improvement chain in California. In 1978, they were dismissed over disagreements about the small chain's future. (Revenge came later, when Home Depot's muscle helped put Handy Dan out of business.)



Arthur Blank of Home Depot Inc.

That same year, they formed Home Depot, with the goal of encouraging creative input from everyone from salespeople to managers. With stock options offered even to the lowest-level employees, the enemy would be the lumber yard down the street, not the boss.

This familial structure, plus a ferocious sense of competition — the executive floor is plastered with posters displaying such exhortations as "Make dust or eat dust" — proved a winning combination.

Since Home Depot went public in 1981 at 79 cents a share (adjusted for splits), the stock has risen nearly hundredfold. And it has posted more consistent results than the likes of Toys 'R

See DEPOT, Page 17.

## Microsoft Keeps Window Open

### Shares Rise on Hopes That New Software Might Ship on Time

Compiled by Our Staff From Dispatches

REDMOND, Washington — Microsoft Corp. shares rose Wednesday on optimism that the company's Windows 98 software will ship on time following a favorable appeals court ruling.

Shares in the world's No. 1 maker of personal-computer software closed at \$86.75, up \$1.0625.

A federal appeals court ruled Tuesday that a December court order requiring separation of the Windows 95 computer operating system and Internet Explorer browser did not apply to Windows 98.

Late Tuesday, the Texas attorney general, Dan Morales, pulled Texas out of a group of 12 states preparing to file a broad antitrust lawsuit against Microsoft, citing pressure from computer makers based in Texas, including Compaq Computer Corp., Dell Computer Corp., and CompuLink Inc., a PC retailer.

"This is a sign of relief," said Brett Berry, a portfolio manager with Ballard, Biehl & Kaiser, which owns shares of Microsoft, referring to the court decision. "This is good news in that they can go ahead and release Windows 98."

Microsoft plans to start shipping the Windows 98 operating system to PC makers Friday. It wants to have the program available to consumers June 25.

But more legal challenges to Windows 98 remain. The states and the U.S. Justice Department are considering filing lawsuits as early as Thursday that would accuse Microsoft of unfairly extending its dominance in PC operating systems to new Internet markets.

Government regulators could then seek a court ruling that stopped shipment of Windows 98.

Last week, the Microsoft chairman, Bill Gates, and PC industry leaders argued that any delay in Windows 98, which has a tightly embedded Internet browser, would hurt the U.S. economy.

Microsoft is also facing a legal challenge from Sun Microsystems Inc., which is asking a federal court to block shipment of Windows 98 unless it includes a universal version of Sun's Java programming language. Sun claims that Microsoft rewrote the Java language so it works best on Windows machines. (Bloomberg, AFP)

## CURRENCY & INTEREST RATES

Cross Rates									
	\$	£	DM	¥	₹	₪	₹	₹	₹
Amsterdam	2.36	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Berlin	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Bombay	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Buenos Aires	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Calcutta	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
London (a)	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
London (b)	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Madras	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Mumbai	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
New York (a)	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
New York (b)	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Paris	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Port of Spain	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
San Francisco	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Tokyo	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Zurich	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 USD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 SDR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37

Libor-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
36-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
48-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Key Money Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
36-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
48-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Other Dollar Values									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
36-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
48-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

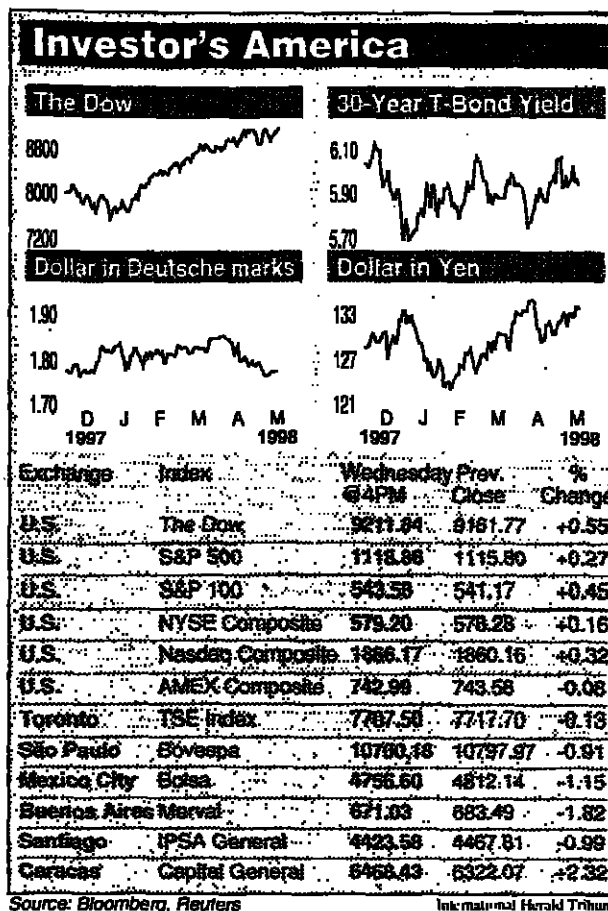
  

Forward Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
36-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
48-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

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THE VISIBLE DIFFERENCE</



## THE AMERICAS



## Blue-Chips Set Record On Benign Price Data

Compiled by Our Staff From Dispatches

**NEW YORK**—Stocks and Treasury bond prices rose Wednesday, with blue-chips setting a record, as investors decided that U.S. inflation data did not offer the Federal Reserve Board enough evidence of inflation to consider raising interest rates.

The Labor Department said its producer price index rose a seasonally adjusted 0.2 percent in April as rising costs for tobacco and food offset a decline in energy prices.

It was the first increase in seven months, but wholesale prices were still 1.2 percent lower on the year.

## U.S. STOCKS

The report will give Fed policymakers little reason to raise interest rates when they meet Tuesday, analysts said.

"The numbers mean a steady Fed going forward," said Kevin Kennedy, a bond manager at Citibank Global Asset Management.

"It reinforces business as usual: strong growth and low inflation."

The Dow Jones industrial average closed 50.07 points higher at a record 8,800.13. The Standard & Poor's 500 index finished 3.07 points higher at 1,118.86. But losing issues outnumbered gainers on the New York Stock Exchange.

The price of the benchmark 30-year Treasury bond rose 15/32 point to 102 1/32, sending the yield down to 5.94 percent from 5.97 percent Tuesday.

Bond prices got an added lift from strong demand at the Treasury's sale of \$12 billion in 10-year notes.

The appeal of U.S. assets was enhanced by worries about the economic health of many Asian countries. Weak economic data continue to flow out of Japan, and Indonesia is

wrestling with civil unrest triggered by unpopular economic reforms.

"As long as Asia stays in trouble, we're going to continue to trade. Our markets are going to continue to go up," said Bruce Bittles, market strategist at J.C. Bradford & Co.

C-Phone was the most actively traded U.S. issue, rising 6 1/4 to 99 1/4 after introducing a television set-top box that provides Internet access using a TV and phone line.

The device makes a change in strategy for the videoconferencing company, which has been losing money since it went public in 1994.

Other technology issues also were strong. Motorola rose 3 1/2 to 59 1/2 on speculation that the maker of telecommunications equipment could be bought by Siemens of Germany. Siemens denied any interest in buying the mobile phone and semiconductor company.

Intuit rose 19 3/4 to 49 1/4 after announcing plan to provide small-business loans over the Internet.

Innodata rose 4 1/2 to 5 1/2 after the provider of Internet and on-line publishing services posted a first-quarter profit, reversing a loss a year earlier.

Ell Lilly rose 2 to 68 1/4 after a study found that the company's Evista, estrogen replacement lowered levels of harmful cholesterol in postmenopausal women.

Cephalon fell 3 1/4 to 1 1/4 on speculation that its Myotrophin drug for Lou Gehrig's disease, may not win final U.S. regulatory approval.

Bed, Bath & Beyond fell 2 1/2 to 5 1/4 after the home-furnishings retailer said that family trusts owned by Warren Eisenberg and Leonard Feinstein, co-chief executives of the company, had sold 2 million shares as part of their estate planning.

(Bloomberg, Bridge News, AP)

## Republic to Spin Off Unit

Bloomberg News

**FORT LAUDERDALE, Fla.**—Republic Industries Inc. said Wednesday it planned to sell as much as 35 percent of its waste-hauling business in an initial public offering to raise as much as \$2 billion. It will spin off the rest of the unit to shareholders.

Republic, led by Wayne Huizenga, said it would use the proceeds to buy more auto dealerships. The public offering of Republic Services Inc. will take

place in the second or third quarter, with the spin-off of the remaining stake scheduled for next year.

The company has used a network of new and used-car dealers, using its stock to make acquisitions. With its share price down 24 percent since October, the cash would help Republic accelerate its acquisition plan based on combining auto-dealership operations to cut costs and raise profit.

Republic's shares closed at \$27.0625, up 43.75 cents.

## Critics Force Changes on Nike

Factories to Get New Rules on Working Age, Health and Safety

By John H. Cushman Jr.  
New York Times Service

**WASHINGTON**—In promising to root out underage workers and require overseas manufacturers of its shoes to meet strict U.S. health and safety standards, Nike Inc. has bowed to pressure from critics who have tried to turn its famous shoe brand into a synonym for exploitation.

Philip Knight, Nike's chairman and chief executive, also agreed to a demand that the company has long resisted, pledging to allow outsiders from labor and human rights groups to join the independent auditors who inspect the factories in Asia, interviewing workers and assessing working conditions.

"We believe that these are practices which the conscientious, good companies will follow in the 21st century," he said Tuesday in a speech at the National Press Club. "These moves do more than just set industry standards. They reflect who we are as a company."

Nike said it would raise the minimum age for hiring new workers in shoe factories to 18 and the minimum age of new workers in

other factories to 16, in countries where it is common for workers as young as 14 to hold such jobs. Footwear factories have heavier machinery and use more dangerous solvents that cause toxic air pollution.

At overseas factories that produce Nike shoes, the company said, it would tighten air-quality controls to ensure that the air breathed by workers meets the same standards enforced by the Occupational Safety and Health Administration in the United States.

Mr. Knight's pledges did not include increased wages, a major demand of critics who say Nike and other U.S. companies pay workers in China and Vietnam less than \$2 a day and workers in Indonesia less than \$1 a day. Even though the cost of living is much lower in these countries, critics say workers need to make at least \$3 a day to achieve adequate living standards.

In his speech, Mr. Knight defended the company's record of creating jobs and improving factory conditions abroad but seemed to acknowledge that it was time for dramatic actions.

"It has been said that Nike has single-handedly lowered the human rights standards for the sole purpose of maximizing profits," he said. "The Nike product has become synonymous with slave wages, forced overtime and arbitrary abuse."

"I truly believe that the American consumer does not want to buy products made in abusive conditions," he said.

The initiatives announced Tuesday address the types of issues, like air quality, that were raised by an inspection report prepared for the company by Ernst & Young. The report found many unsafe conditions at a plant in Vietnam, adding to criticisms of the company when the report was made public by the Transnational Resource and Action Center, a nonprofit group that often criticizes conditions at U.S. factories overseas.

The company's critics responded favorably to many elements of the plan. But they noted that Mr. Knight had not promised to raise wages. They also cautioned that he had not specified which groups would be allowed to participate in the new monitoring of factories and that he had not provided other details of that part of his commitment.

## Rate Outlook Hits Canadian Dollar

Bloomberg News

**NEW YORK**—The U.S. dollar rose against the Canadian dollar Wednesday after Prime Minister Jean Chretien and the Bank of Canada surprised traders by signaling that they did not want interest rates to rise.

"The announcement that Bank of Canada isn't in a tightening mood sent the Canadian dollar lower," said Diego Giurleo, manager of currency sales at Royal Bank of Canada. "There were a lot of people positioned against that."

The Bank of Canada bought Canadian dollars 15 minutes after it released its monetary-policy report, which suggested interest rates would not rise in the near future. But the intervention did little to stem the Canadian dollar's slide.

The U.S. dollar rose to 1.4555 Canadian dollars from 1.4343 dollars Tuesday after Mr. Chretien said inflation was not a threat.

The U.S. currency also was higher

against the yen as concern that Japan might sell dollars was offset by concern about tumbling Asian financial markets. In 4 P.M. trading, the dollar was at 134.155 yen, up from 133.950 yen the previous day. It also gained to 1.7700 Deutsche marks from 1.7757 DM.

"Japan may do whatever it can to keep the yen from weakening," said John Praveen, global market

strategist at BEA Associates Inc. "The yen is very critical in the whole Asian crisis. If the yen weakens, that will have a domino effect on the rest of Asia."

Concern that Asia's troubles would prolong Japan's economic slump sent the yield on the benchmark 10-year Japanese government bond to a new low of 1.29 percent. Declining Asian currencies and securities prices hurt the yen because Japan is Asia's biggest creditor and

needs to be repaid to help its own economy.

"With the rest of Asia in crisis, Japan is the most directly affected," Mr. Praveen said. "Weakness in Asia leads to yen weakness."

Economic weakness in the rest of Asia also is taking a toll on Japan's economy. Orders received by Japanese industrial machinery makers fell 10.9 percent, the fifth straight decline, largely because of a drop in sales to the Asian region.

The dollar managed its small gain against the mark after Olaf Sievert, a Bundesbank council member, said he saw no reason to raise German interest rates right away. Many economists have been expecting the central bank to lift rates to bring them in line with rates in other countries joining European monetary union.

Against other currencies, the dollar rose to 5.9665 French francs from 5.9540 francs and to 1.4817 Swiss francs from 1.4810 francs. The pound eased to \$1.6325 from \$1.6330.

## INTERNATIONAL FUTURES

May 13, 1998

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## U.S. STOCK MARKET DIARY

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## AMEX

Wednesday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street.

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May 13, 1998

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## EUROPE

U.K. Data  
Too Good  
To Keep  
Rates Flat

**Reuters**  
LONDON — Unemployment in Britain tumbled by more than 17,000 in April to its lowest rate in 18 years, official figures showed Wednesday, and an increase in average earnings kept alive the possibility of a further interest-rate rise.

The Office for National Statistics said the drop in the number of jobless put the April unemployment rate at 4.8 percent, the lowest since 1980 and down from 4.9 percent in March.

The report also showed that average earnings in the three months to February rose 4.9 percent from a year earlier, compared with a 4.6 percent increase in the three months to January.

The increase dashed market hopes of a definitive sign that interest rates have peaked and even took the Bank of England's chief economist, Mervyn King, by surprise.

Speaking after the release of the bank's quarterly inflation report, Mr. King said wage growth would have to fall back if the government's inflation target were to have any chance of being hit.

The alarm bell from the central bank drowned out the otherwise more optimistic message in its inflation report, which predicted inflation would stick close to 2.5 percent over the next two years.

The government was also concerned enough to fire out a rapid warning. "Again, private-sector earnings give serious cause for concern," the Treasury said, adding that high pay now could mean higher rates, lost jobs and slower growth in the future.

The tightness of the labor market has been a nagging concern for the Bank of England in its fight to keep inflation down, and the latest data offered hawks more reasons to dig their heels in.

Minutes of the bank's April Monetary Policy Committee meeting, made public Wednesday, showed the group split, 5 votes to 3, in favor of keeping key interest rates at 7.25 percent, where they have been since last November.



## Munich Opens a Link Between Airport's Terminals

Erwin Huber, Bavaria's state minister, left, standing in front of the newly completed Munich Airport Center at its opening ceremony Wednesday. Mr. Huber was joined by Willi Hermsen, center, the airport's manager, and Helmut Jahn, the German-American architect of the building, which links two of the airport's terminals.

## New Suitors Line Up for PolyGram

**Bloomberg News**  
BAARN, Netherlands — PolyGram NV, the world's largest recorded-music company, is the object of a bidding battle between Seagram Co. and two U.S. leveraged-buyout funds, according to reports published Wednesday.

Seagram is likely to bid as much as \$10 billion for all of PolyGram, which is 75 percent owned by Royal Philips Electronics NV, the Financial Times of London said without citing sources. Forstmann Little & Co. and Thomas H. Lee Co. also are interested, The New York Times reported separately, quoting people familiar with the situation. Philips declined to comment, and PolyGram could not be reached for comment.

PolyGram's film business, although it now accounts for just 16 percent of the company's revenue, is

expanding rapidly and could give Seagram's Universal Studios a lift. At the same time, Seagram's relatively small music business would jump to the head of the pack, allowing it to capitalize on the lucrative marketing link between movies and their soundtracks. The leveraged-buyout funds do not appear to offer such a good match, analysts said.

"The logic of the matter is that a leveraged-buyout organized bid is not going to be able to gain the synergies," said Nigel Reed, an analyst at Paribas Capital Markets. "I'd expect Seagram to be first in the frame."

In addition, PolyGram's chief executive, Alain Levy, is rumored to be planning a management buyout with the backing of Societe Generale SA of France, Variety magazine reported, adding that PolyGram had

declined to comment on the report. The New York Times reported Saturday that Seagram was interested in PolyGram, and The Wall Street Journal/Europe reported Monday that the bid price would be between \$9 billion and \$10 billion.

The New York Times reported Wednesday that Forstmann Little and Thomas H. Lee had sent letters to the boards of both PolyGram and Philips expressing interest in buying the Philips entertainment subsidiary.

On the Amsterdam bourse, PolyGram's shares rose 3.20 guilders, to 105.70 (\$53.12), while Philips' shares fell 1.50, to 196.40.

C&W Posts  
Higher Profit  
In the Face of  
Asian Turmoil

**Compiled by Our Staff From Dispatches**  
LONDON — Cable & Wireless PLC said Wednesday that its profit rose 13 percent last year and that it had successfully ridden out the Asian economic downturn.

The telephone company posted pretax profit of £1.60 billion (\$2.61 billion) for the year that ended March 31, up from £1.42 billion a year earlier. Sales rose to £8.30 billion from £7.00 billion. The company said it had raised its customer base by 70 percent, to 17 million.

The results exceeded analysts' expectations, and Cable & Wireless' shares rose 10 pence to close at 690.

The company said it had managed strong growth despite the cost of strategic investments and said its Hongkong Telecommunications Ltd. subsidiary had shown "impressive growth."

C&W posted a one-time gain of \$519 million on the sale to China of a 5.5 percent stake in Hongkong Telecom and a £518 million gain in tax-free compensation by the government ahead of the early surrender of Hongkong Telecom's international monopoly. The gains were offset by a £158 million charge.

C&W said it and its new partner, Telecom Italia, planned to connect multinational customers in every major European market by the end of the year. (AFP, AFX, Reuters)

Profit Rises 18%  
At Telefonica

**Reuters**  
MADRID — Telefonica SA said Wednesday its first-quarter profit rose nearly 18 percent, helped by robust growth in mobile telephones and foreign business operations.

First-quarter profit was 32.83 billion pesetas (\$217.9 million), up from 27.9 billion pesetas in the year-earlier quarter. Sales rose to 716.58 billion pesetas from 631.94 billion pesetas.

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5400	6200	4200
5050	5900	3900
4700	5600	3600
4350	5300	3300
4000	5000	3000
3650	4700	2700
1997	1997	1997
Exchange Index	Wednesday Close	Wednesday Close
Amsterdam AEX	1,173.95	1,165.72
Brussels BEL-20	3,111.48	3,078.63
Frankfurt DAX	5,376.88	5,297.35
Copenhagen Stock Market	745.55	745.05
Helsinki HEX Generali	4,988.75	4,984.78
Oslo OBX	743.78	740.79
London FTSE 100	5,972.80	5,956.70
Madrid Stock Exchange	852.04	858.12
Milano MIBTEL	24095	24344
Paris CAC 40	4,018.76	3,987.33
Stockholm SX-16	4,088.31	4,118.14
Vienna ATX	1,578.92	1,580.54
Zurich SPI	4,779.45	4,802.74

Source: Reuters  
International Herald Tribune

## Very briefly:

- Tetley Group will sell shares on the London exchange to raise capital for an expansion. The maker of bagged tea, which was acquired by an investment group from Allied-Domecq PLC, will give details of the listing, including a price range, in June.
- Switzerland will sell shares in Swisscom this autumn but has yet to decide on the size of the offering.
- AngloGold Ltd. of South Africa and Barrick Gold Corp. of Canada will explore gold properties together in Mali, Senegal and the Democratic Republic of Congo. AngloGold will spend as much as \$15.6 million to finance the exploration in exchange for stakes in various Barrick properties in Africa.
- British Sky Broadcasting Group PLC and British Digital Broadcasting agreed to make their digital television decoders compatible, resolving the companies' principal disagreement, according to the Independent Television Commission.
- SmithKline Beecham PLC abruptly dropped plans to market the lead migraine drug of Vanguard Medica PLC, citing an overload of new products.
- A Bundesbank council member, Olaf Sievert, said he saw no need to change interest rates now, though he said the German central bank had to increasingly take into account the European inflation outlook.
- A Deutsche Bank AG management board member, Josef Ackermann, took direct control of the bank's investment-banking business. He had shared control of the unit with Ronaldo Schmitz, who will concentrate on client relations.
- France Telecom's first-quarter sales rose 4 percent from a year earlier, to 39.2 billion francs (\$6.59 billion), as increased use of mobile phones and its Wanadoo Internet access service offset falling revenue from fixed-line connections.
- Saecma, the state-owned French maker of jet engines, is studying building with General Electric Co. a new engine for use in planes seating 100 to 200 passengers. Bloomberg, Reuters

## WORLD STOCK MARKETS

Wednesday, May 13  
Prices in local currencies.

High Low Close Prev.

Amsterdam AEX Index: 1713.95  
Previous: 1714.72

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**Wednesday's 4 P.M. Close**

The 2,600 most traded stocks of the day.  
 Nationwide prices not reflecting late trades elsewhere.  
 The Associated Press.

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12 Month High	Low	Stock	Div	Yld	PE	100% High	Low	Latest Cl
26 1/4	25 3/4	Canada A	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada B	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada C	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada D	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada E	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada F	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada G	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada H	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada I	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada J	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada K	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada L	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada M	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada N	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada O	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada P	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada Q	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada R	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada S	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada T	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada U	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada V	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada W	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada X	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada Y	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada Z	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AA	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AB	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AC	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AD	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AE	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AF	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AG	0	1.5	13	101	99 1/4	25 3/4
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26 1/4	25 3/4	Canada AL	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AM	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AN	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AO	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AP	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AQ	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AR	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AS	0	1.5	13	101	99 1/4	25 3/4
26 1/4	25 3/4	Canada AT	0	1.5	13	101	99 1/4	25 3/4
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ASIA/PACIFIC

# 82% Jump in Japan Surplus Likely to Spark U.S. Pressure

**TOKYO** — The surplus in Japan's broadest measure of trade jumped nearly 82 percent in the year to March 31, the first annual increase in five years, data made public on Wednesday showed.

The Finance Ministry said Japan's current account surplus, which measures trade in merchandise, services, tourism and investment before adjustment for seasonal factors, was 13.04 trillion yen (\$97.34 billion) in 1997-98. The amount was the largest since Japan recorded a surplus of 14.22 trillion yen in 1992-93.

The surplus in merchandise trade alone rose 55 percent, to 13.6 trillion yen. Exports jumped 11 percent, while imports did not even

manage growth of 1 percent. The data are likely to prompt increased U.S. pressure on Japan to revive its sluggish economy, which would lead to more imports that might cap the ballooning surplus.

"The United States is going to continue to put pressure on Japan," said Mamoru Yamazaki, senior economist at Paribas Capital Markets. "But whereas in the past they've demanded that exports be restrained, this time it's more a problem of U.S. goods not selling in Japan."

Tokyo is already under intense international pressure to boost domestic demand and open its markets — not only to redress trade imbalances but also to help troubled Asian

neighbors who depend on Japan to absorb their exports.

The United States is widely seen as finding a Japanese current account surplus of more than 2.5 percent of Japan's gross domestic product unacceptable. The 13 trillion yen surplus for 1997-98 is around 2.5 percent of GDP.

Eisuke Sakibara, the vice finance minister for international affairs, said an excessively weak yen was pushing the surplus higher.

The Finance Ministry said that planned structural reforms in Japan's economy, an expected drop in exports to the rest of Asia, and likely increases in imports from a series of economic stimulus measures were expected

to stem the upward growth in the surplus.

But analysts disagreed.

Junji Ota, an economist at the Okasan Economic Research Institute, said, "The domestic economy has deteriorated more than I expected six months ago, and I can no longer picture a scenario in which imports would grow again."

He added, "The auto industry depended heavily on exports to Asia, but even if their economies stagnate, European-bound exports should grow further."

The Finance Ministry said vehicle exports rose 26.8 percent in value in the year to March, while vehicle imports dropped 23.3 percent.

Investor's Asia				
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
15000	2000	17000		
12000	1800	16000		
11000	1600	15000		
10000	1400	14000		
9500	1200	13000		
8000	1000	12000		
1997	1997	1997		
J F M A M	J F M A M	J F M A M		
1998	1998	1998		
Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,469.29	9,841.51	-3.78
Singapore	Straits Times	1,331.98	1,400.05	-4.86
Sydney	All Ordinaries	2,773.70	2,789.90	-0.58
Tokyo	Nikkei 225	15,343.81	15,322.48	+0.14
Kuala Lumpur	Composite	548.33	569.17	-3.66
Bangkok	SET	370.92	381.65	-2.81
Seoul	Composite Index	356.58	351.65	+1.40
Taipei	Stock Market Index	8,202.90	8,278.43	-0.91
Manila	PSE	2,163.67	2,214.52	-2.30
Jakarta	Composite Index	4,020.67	4,305.26	-6.61
Wellington	NZSE-40	2,228.69	2,231.95	-0.15
Bombay	Sensitive Index	3,782.76	3,845.13	-1.62

## Kim Rules Out Strikes And Student Support

**SEOUL** — President Kim Dae Jung, trying to calm investors, warned unions Wednesday that he would take tough action against strikes and said students could not take part in labor rallies.

"Strikes are absolutely unacceptable," Mr. Kim was quoted by his office as saying during a cabinet meeting. He warned that foreigners would not invest in the country if strikes erupted.

The Federation of Metal Workers Unions immediately defied Mr. Kim, a former dissident himself, promising mass strikes May 27 unless employers agreed to curb layoffs. The federation is supported by 200,000 members at 180 companies, including Hyundai Motor Co. and other major automakers. All federation members are also affiliated with the Korean Confederation of Trade Unions.

A spokesman for that umbrella group said the May 27 strikes would be a "first action."

The confederation plans rallies Saturday in Seoul and elsewhere to protest layoffs under the economic retrenchment that was mandated by the International Monetary Fund in return for an aid package for South Korea valued at about \$57 billion.

The confederation's leaders have accused bosses of sacrificing workers and refusing to make changes among their own ranks in violation of a February accord on

sharing the burden of overcoming the economic crisis.

Mr. Kim said the right to hold peaceful rallies was guaranteed by law and called for police to refrain from using tear gas as a method of crowd control.

But he added: "There cannot be student participation. Students are not laborers."

More than 20,000 workers and students threw rocks at riot police, who fired tear gas, during a rally in central Seoul on May 1 staged by the Korean Confederation of Trade Unions.

Stock prices in Seoul rose on expectation that the government would raise the maximum stake that foreign investors could hold in South Korean companies. The composite index of the Korea Stock Exchange finished 4.72 points higher, at 356.58.

Separately, Mr. Kim said bad or doubtful loans to companies by South Korean financial concerns amounted to 120 trillion won (\$86.46 billion), half of which might have to be written off.

Even the remaining half of these loans could at best be retrieved by stages over a long time, he said.

The Office of Bank Supervision, meanwhile, said nonperforming loans extended by 26 South Korean banks totaled 31.7 trillion won, or 8.7 percent of total credit, at the end of March.



**JAPANESE FINANCIAL GIANTS AGREE ON LINK** — Masao Nishimura, left, president of Industrial Bank of Japan Ltd., and Junichiro Ujiie, president of Nomura Securities Co., announcing an agreement Wednesday to form two joint ventures to offer financial products and services.

## Asia Crisis Slashes China's Export Growth

**BEIJING** — Growth in China's exports has slowed sharply in reaction to the Asian financial crisis, statistics released Wednesday showed.

China's exports grew 11.6 percent in the January-April period from a year earlier, but that was down from

a 26.9 percent growth rate for the period in 1997, the General Administration of Customs said.

"New orders in the first quarter fell rapidly, indicating exports will slip this year," said Han Xiushen of the research academy under the Ministry of Foreign Trade and Economic Cooperation.

China has been bracing for a shock to its export industries amid the Asian crisis, which has cut demand for Chinese goods and made products from other Asian countries more competitive. Beijing has repeatedly promised not to devalue the yuan to try to increase exports.

### Very briefly:

- Bank Indonesia, the country's central bank, reduced its estimate of the country's total corporate foreign debt to \$78.2 billion from \$80.2 billion. Including government borrowings, total foreign debt was put at \$131.67 billion.
- Cazenove & Co., Britain's largest independent stockbroker, will focus its Asian business on regional hubs in Hong Kong and Singapore while trimming some smaller offices such as those in Malaysia and Thailand, executives said.
- Boots PLC, Britain's leading pharmacy chain, plans to invest £5.2 million (\$8.5 million) to open 40 health and beauty stores in Thailand over the next two years. Separately, the company said it was making progress in its search to find a partner to enter the Japanese market.
- Mitsubishi Motors Corp. is negotiating with several other automakers, including General Motors Corp. and Chrysler Corp., to sell technology to make fuel-efficient engines.
- Fuji Photo Film Co.'s group net profit rose 4.1 percent, to \$8.8 billion yen (\$66.2 million), in the year that ended in March, as Asia's economic crisis restricted growth.
- Osaka, Japan's second-largest city, will use 30 billion yen in taxpayer money to bail out troubled credit cooperatives saddled with bad debt from speculative lending in the 1980s.
- Japan's domestic shipments of personal computers fell 5 percent in the year that ended in March, to 6.85 million units, the first drop since 1993, the Japan Electronic Industry Development Association said.

## Japanese Investors Cash In

**TOKYO** — Japanese investors were net sellers of foreign stocks and bonds in March as companies repatriated profits to settle their accounts for the end of their financial year, the Finance Ministry said Wednesday.

Japanese investors sold a net 1.31 trillion yen (\$9.86 billion) of foreign bonds, including 763.6 billion yen of U.S. government and corporate bonds and 347.9 billion yen of foreign stocks, in March, the ministry said. For the year that ended March 31, Japanese investors sold a net 628.2 billion yen of foreign bonds and bought 1.09 trillion yen of foreign stocks. But Japanese investors probably became net buyers of foreign stocks and bonds as of April, traders and analysts said, as they could earn more interest overseas than at home.

"The period when the Japanese were shedding their Treasuries is probably over," Brian Rose of SBC Warburg Japan Ltd. said.

Foreign investors bought a net 34 billion yen of Japanese bonds in March and 467.5 billion yen of Japanese stocks, the ministry said.

## DEPOT: Co-Founder, New to the Limelight, Is Putting His Own Stamp on the Retail Hardware Giant

Continued from Page 13

Us Inc. and Sports Authority Inc.

Wall Street was also taken with Mr. Marcus's style. A few years ago, Mr. Marcus bluntly told a group of investment bankers that people like them were the only ones who could slow the company juggernaut.

"As long as my team and I are running this company, we'll do just fine," one banker recalled him saying. "But the minute we get a bunch of Harvard Business School (expletive) in here, things will fall apart."

Both Mr. Marcus and Mr. Blank always went to great pains to tell the world they were the same team, that 98 percent of all questions would get the same answer from either of them. "They are in many ways interchangeable," said Andrew Taussig, managing director of Credit Suisse First Boston, Home Depot's investment bank.

But people who know both executives say Mr. Marcus was often lost in Mr. Blank's comic shadow. "If you heard Arthur speak at a dinner, and you had never heard Bernie, you would think Arthur was the most dynamic, interesting speaker around," one company executive said. "The problem would be if you had heard Bernie."

Mr. Marcus is far from out of the picture. He continues to train personally all the company's top managers, and consults regularly with Mr. Blank. "I am still very much involved," he said. "I spend the same amount of my time at the company as last year."

But with the reins firmly in his own hands, Mr. Blank is working to make his mark. "The Street may be more familiar with Bernie," Mr. Taussig said, "but Arthur has been spending much of his time over the last 10 years growing and improving the store base."

Indeed, when Mr. Blank tours a Home Depot store each year, he visits roughly 100 of the 657 stores — employees trail along like ducklings, waiting for proclamations on a shower-head display or checkout efficiency.

Home Depot stores are still his first love, and Mr. Blank expects their number to grow about 20 percent a year for a few years, ending in 2001 with 1,300 stores.

Investors are curious about how much that can add to the already fat stock price. "This already fat stock price is one of the few growth markets in retailing," said Howard Ward, who manages

the...Gabelli Growth Fund,

which holds 760,000 Home Depot shares. But he said it was likely that "its most explosive gains are behind it."

That is one reason Mr. Blank is looking beyond do-it-yourselfers.

About 30 percent of sales already go to professional contractors, but Mr. Blank would like to see that number rise sharply. He is testing a program in the Austin, Texas, stores to beef up sales to builders, who buy roughly \$365

billion in goods each year.

A single pro can walk in and wipe out a store's entire supply of certain items. And unlike do-it-yourself customers who pop in after work, the pros insist on being in and out quickly. Nor has Home Depot been as generous as competitors with credit and bulk discounts.

The stores in Austin are experimenting with solutions, offering on-site credit, better delivery, earlier store hours and special checkout

desks and sales staff. But they must still get the attention of the pros, who typically go to big-box competitors or local lumber yards.

Home Depot is also thinking global, and will open its first store in Chile this summer. Two recent acquisitions — Deckay Enterprises, which runs a chain of blind and wallpaper stores and provides mail-order services, and Maintenance Warehouses, another direct-mail company — indicate that Mr. Blank is

looking to stretch Home Depot's tentacles outside the retail box.

To support all this expansion, he has added some managers. At Home Depot, this is a new concept; it is famous for retaining employees for years, partly because they "bleed orange" — Home Depot's color — and often because they have been given great stock options.

A typical midlevel executive might have started out selling garden tools in high

school and ended up a millionaire. "We don't have much success trying to recruit people out of Home Depot," said Kirk Palmer, who runs an executive search firm.

Many executives were used to reporting to Mr. Blank. But in the last few months, he installed two group presidents, one in charge of diversified businesses, the other in charge of direct marketing, as well as a new chief financial officer from AT&T Corp.



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211 F.I. FOUNDERS ASSET MGMT-FOM	m	IAM High Yield	\$	3087.76		WORLD NATURAL RESOURCES PTFL	m	P.N.C.	Naturalml LIAB	\$	12
Yak Ad 164 688320 POC Ad 1624 688334	m	IAM Gold	\$	1109.47			m	B.F.T.	U.K. Von (LAW)	\$	62
F.I. Founders, Fd Ltr	m	IAM	\$	1950.15		a	Cross A	V.V.M.	Vermont LIAB	\$	7420
	m	IAW Latin American Equity	\$			a	Doss B	Mother of ml		Pct	2934

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1	Actum Lowbridge Rd.	147
2	Adelaide	203
3	Adelaide	203
4	AJP International (BV)	203
5	Admission Card (Import Card)	

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**NYSE**  
**Wednesday's 4 P.M. Close**  
Continued

صلى الله عليه وسلم



**Wednesday's 4 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press*

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High	Low	50-50	Dr	Yr	FE	High	Low	Upper
172	171	171	172	171	171	172	171	171
171	170	170	171	170	170	171	170	170
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**Wednesday's 4 P.M. Close**

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Symbol	High	Low	Open	Close	Volume	PE	Div Yld	100% High	Low	Latest	Chg
IBM	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Microsoft	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Apple	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Amazon	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Google	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Facebook	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Twitter	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
LinkedIn	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Slack	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Zoom	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Dropbox	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Box	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
OneDrive	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Google Drive	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1/4	170 1/4	+1/4
Microsoft OneDrive	170 1/4	169 1/4	169 3/4	170 1/4	1,000,000	15.0	4.5	170 1/4	169 1		

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## WORLD ROUNDUP

### Milan Buys Bierhoff

**SOCCER** Oliver Bierhoff, the German international striker, will move from Udinese to AC Milan next season, his agent, Claudio Pasqualin, said Wednesday. The agent did not disclose terms but Milan is thought to be paying Udinese about 20 billion lire (\$11 million) for Bierhoff, the leading scorer of the Italian league with 25 goals. (AFP)

### Whale Slows Leader

**SAILING** Merit Cup took the lead in the eighth leg of the Whitbread round the world race Wednesday even though it had collided with a whale the day before. Grant Dalton, the skipper, said there appeared to be only minor damage from the collision during the leg from Annapolis, Maryland, to La Rochelle, France. "I am sure the whale is hurting more than us," Dalton said. "There was a lot of blood in the water. There was a very loud noise and the boat stopped dead. Then it gave us a flick with its tail before it swam away." (AP)

### A Fight for the Ages

**BOXING** George Foreman, who is 49, and Larry Holmes, 48, two former heavyweight world champions have signed to fight each other, Roy Foreman, George's brother, said Wednesday. The purses will reportedly be \$10 million for Foreman and \$4 million for Holmes. Neither the location nor the date of the fight has been set. Foreman will be 50 on Jan. 10; Holmes will be 49 on Nov. 3. (AP)

### Miami Hot for Albert?

**BASKETBALL** The Miami Heat is reportedly interested in signing Marv Albert as a broadcaster for its TV games. "The Heat already have put out 'informal and preliminary' feelers to Albert," the New York Daily News reported Wednesday. Albert, a longtime National Basketball Association and New York Knicks announcer, was dismissed by the league in September after pleading guilty to misdemeanor assault charges in a sex case. On Monday, the Heat fired David Halberstam, who was their radio broadcaster for six years. (AP)

### Heading Into Danger

**SOCCER** Inexperienced players should wear protective head gear when heading a ball, said Glen Dods, a physiotherapist and the author of a review of injuries related to heading, which was published Wednesday. Dods, who played international soccer for New Zealand, said the practice was particularly risky for the young. He said he found many players suffered early degeneration of the lower spine and some brain injuries similar to boxers. "I can generally pick an old soccer player by their bad ankles and grotty lower cervical spines," he said. (AFP)

## South Africa Accepts Deal To Resolve Rugby Crisis

**JOHANNESBURG** — International rugby tours to South Africa can go ahead after the country's rugby officials and its controlling sports body resolved a bitter dispute Wednesday. Mluleki George, the president of the National Sports Council, said the two parties had agreed to appoint a commission of inquiry to investigate the South Africa Rugby Football Union. He said rugby's suspension from the council would be lifted, and that an interim committee would be appointed to manage rugby's affairs. The committee will include Rian Oberholzer, rugby's chief executive. Oberholzer is the son-in-law of Louis Luyt who resigned Monday as the sport's president. "From now on there will be nobody in rugby to throw a spanner into what we have agreed upon," said George. The council had earlier said it would call for renewed international boycotts if the entire rugby executive did not follow Luyt and resign. The council, and the South African government, had accused rugby in the country of nepotism, financial mismanagement and racism. The crisis had threatened to divide the sport along racial lines. But black administrators took comfort from the fact that a majority of rugby's executives, among them several whites, called on Luyt to quit last week. Luyt launched a counterattack Wednesday in an interview with Volksblad, an Afrikaans-language newspaper. Luyt said white officials had turned against him. "Spineless white people," he said. "I can put it no other way. There is no more marrow left in their bones. White people do not believe anymore that they can protect what is important to them."

Luyt is still president of the Golden Lions, formerly Transvaal, rugby union, the richest affiliate of the South African rugby union. "I will not rest," he said. "No man is my master. I do not bend my knee for anybody other than my God." John O'Neill, the managing director of the Australian Rugby Union, said Wednesday that Australia would complain to rugby's world governing body next week about the weak England squad that will tour the southern hemisphere next month. England has named a 37-man squad containing 17 new caps and missing at least a dozen leading players. O'Neill said English clubs had prevented their players from going. "They don't have trouble filling Twickenham so they don't appreciate the competitive environment in which the Australian Rugby Union operates," he said of England. "Rugby isn't the national game here in Australia. We still have to compete against rugby league, Australian Rules and soccer."

David Moffett, of the New Zealand Rugby Union, said, "We have the most parochial, fanatical fans in world rugby. There is nothing more that a Kiwi likes than England being beaten." (Reuters, AFP)



Magnus Norman hitting a backhand to Pete Sampras Wednesday at the Italian Open. Sampras won in two sets.

## Sampras Gaining Steam on Clay

### World No. 1 Downs Norman to Reach 3d Round of Italian Open

**ROME** — Pete Sampras handled the clay, the heat and a past nemesis, Magnus Norman, in straight sets on Wednesday in the second round of the Italian Open. Sampras, the world's top-ranked player, continued to look comfortable on European clay in his preparations for the French Open. He beat the Swede, 7-6 (10-8), 6-4, in just over two hours.

Sampras next faces a fellow American, Michael Chang, who eliminated a French qualifier, Arnaud Clement, 7-5, 6-1. The Sampras-Norman match was played on the Foro Italico's center court, where temperatures hit 36 degrees Celsius (97 degrees Fahrenheit).

Norman, who underwent heart surgery in December, called for his trainer during the changeover after the first game of the second set. Play was held up for five minutes while the 21-year-old received a neck and arm massage. He said after the match that he had suffered cramps in both shoulders. But Norman, who ended Sampras' French Open last year in the third round, returned to the court and battled the rest of the way, even holding two break points as the American served for the match in the final game.

Sampras had some trouble closing out each set. He held four set points on Norman's serve during the 12th game of the first set, but never broke through as the players went to a tiebreaker. Sampras saved two set points, one with an ace measured at 197 kilometers per hour (122 miles per hour) before finally converting his own sixth set point. He got to 9-8 with another blis-

tering ace, and captured the tiebreaker when a Norman lob sailed long.

Sampras then wasted three break points to start the second set before hitting a backhand winner down the line to go ahead, 1-0, and put himself in position to win the match by holding service the rest of the way.

Marcelo Rios, seeded third, had no trouble against Tim Henman of Britain, winning by 6-3, 6-1, in just 55 minutes. Rios, who briefly took Sampras' No. 1 ranking earlier this season, has shown no ill effects from the left-elbow injury that sidelined him for five weeks. The Chilean has dropped just seven games in his two matches in Rome, and easily handled Henman, taking 16 of the match's final 18 points.

Yevgeny Kafelnikov, seeded No. 6, was not in top form but got help from his opponent, Todd Martin, as he won, 1-6,

7-6 (7-4), 6-3. Martin led by 6-1, 4-2, but fell apart, serving consecutive double faults to go down, 3-5, in the decisive set.

Cedric Pioline, seeded No. 16, bowed out to a local wild-card entrant, Davide Sanguineti, 6-4, 6-2.

### Hingis Advances in Berlin

Martina Hingis of Switzerland, unbeaten on clay this year, blew past Silvia Farina of Romania, 6-0, 7-5, on Wednesday to reach the third round of the German Open. The Associated Press reported from Berlin.

Mary Pierce, seeded No. 6, was forced to withdraw with a strained left thigh while trailing Barbara Paulus of Austria, 6-4, 6-7 (1-7), 1-3.

The injury is not expected to sideline Pierce from the French Open, which begins in two weeks.

## Final Cleared for Takeoff As Dutch Allow Flights

**AMSTERDAM** — Dutch aviation officials agreed Wednesday to allow extra flights for Champions Cup fans and players into Amsterdam's airport. Ger Stolk of the Royal Dutch Soccer Association said 90 charter flights would be able to land at Schiphol Airport for the game next Wednesday between Real Madrid and Juventus. The decision averted a threatened venue change. Aviation officials had said earlier in the week that there were not enough landing slots at Schiphol for chartered flights carrying the 30,000 fans from Spain and Italy expected to attend.

Wim Kok, the Dutch prime minister, said he discussed the problem with Anemarie Jorritsma, the transport minister and that it was "very important" that the final remained in Amsterdam. A judge suspended Argentine league matches Wednesday because of safety concerns at stadiums due to hooliganism. Judge Victor Perrotta said he would stand by his ruling until "the security of the public is guaranteed."

**ARGENTINA** A judge suspended Argentine league matches Wednesday because of safety concerns at stadiums due to hooliganism.

He called on the Argentine soccer federation to adopt measures establishing improved security at matches.

Hooliganism at Argentine matches has left 66 people dead and some 25,000 injured since 1930; 53 of those killed have died since 1980 as groups of thugs known here as "barrabravas" have increasingly wrought havoc at matches.

Perrotta said matches of the Argentine national side would not be affected. The judge had threatened several times to take this measure. The latest incident occurred last weekend when two River Plate supporters were shot in the legs before a match against Independiente. (AP, AFP)



SOCCER TRAINING — Fabien Barthez, a goalie in France's World Cup squad, pausing Wednesday during high-altitude training in Tignes, France.

## Home Court Helps Jazz Top Spurs to Win Series

By Ric Bucher  
Washington Post Service

**SALT LAKE CITY** — The Utah Jazz fought hard during the regular season to secure the home-court advantage throughout the playoffs. That advantage paid off in Game 5 of their Western Conference semifinal by making the Utah players' legs a little less weary and the ankle of Tim Duncan, the San Antonio Spurs star rookie, a little fatter. The Jazz, fighting the fatigue borne of playing their fourth postseason game in

### NBA PLAYOFFS

less than a week, stayed a step ahead of the San Antonio Spurs for an 87-77 victory Tuesday, winning the best-of-seven series by four games to one.

Karl Malone led the Jazz with 24 points and 13 rebounds, but Jerry Sloan, the Jazz coach, credited the deafening encouragement provided by the Delta Center din for Utah's making its third consecutive trip to the conference finals. "It was kind of a draw today, except our fans put us over the hump," Sloan said. "This is why you fight for the home-court advantage."

On the plane ride to Salt Lake City, Duncan's sprained left ankle swelled up. Although he still managed to score 14 points, grab 11 rebounds and block a pair of shots in 38 minutes before fouling out, his lack of mobility was apparent in the way he guarded Malone and in his overall aggression.

"Utah won because they're a better basketball team," said Gregg Popovich, the Spurs' coach. "It's not because of Tim Duncan's ankle. But having said that, I was surprised by how it was today. He was getting better every day, and what really got him was the plane ride. It really swelled up on him. He felt he was less mobile today than he was the last three or four days."

Duncan tried to play down the impact of his ankle, which he injured at the start of overtime in the Spurs' Game 2 loss. "It is what it is," he said. "I don't think the swelling was a problem."

But fatigue bothered both teams, which is why the outcome was decided long before the end, with the Jazz making a decisive push at the end of the second quarter to stake itself to a 43-33 halftime lead. The Spurs never got closer than seven in the third quarter and the deficit stayed in double figures the entire final period.

"It was an ugly game, but you just keep plugging away in a game like this," Malone said. "I'm glad we had a cushion because nobody could make a run and get the knockout punch."

In the absence of a knockout punch, the Jazz landed long-range jabs from beyond the three-point arc. Neither team shot better than 40 percent, but the Jazz made five of nine three-pointers, including four of six in the second quarter.

The Spurs tried to fire back from long range but made only 1 of 11 attempts.

In the other game Tuesday, The Associated Press reported: Lakers 119, SuperSonics 95 in Seattle. Los Angeles beat Seattle for the fourth straight time, reaching the Western Conference finals for the first time in seven years.

The Lakers are on a roll as they face Utah starting Saturday. They won 23 of their final 25 regular-season games. In the playoffs, they eliminated Portland in four games and the Sonics in five.

"We're kind of upset," said Nick Van Exel, a Laker guard, "because we have so many days off. We don't want to relax and let up."

After losing Game 1 of the series by 14 points, the Lakers beat Seattle by 24, 16, 12 and 15 points.

The Lakers missed only four of 19 shots in the first quarter Tuesday in taking two leads of 18 points. They were shooting 74 percent at halftime (23-of-31) and did not let Seattle get any closer than seven points in the fourth quarter.

Shaquille O'Neal had 31 points, 9 rebounds, 8 blocked shots and 4 assists for the Lakers.

For Seattle, Vin Baker had a career 28 points, and Gary Payton added 20.

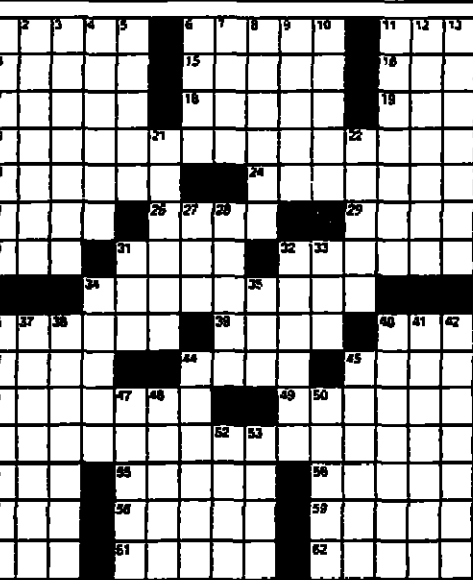
## CROSSWORD

### ACROSS

- 1 Unadorned
- 2 Heavy shoe
- 11 Like chop-shop vehicles
- 14 Happen again
- 15 H.U.D. Secretary
- 16 Nest-egg
- 17 Capital on the Gulf of Guinea
- 18 Vow versus
- 19 Countermand
- 20 Exaggerated melodrama
- 24 Like a wasteland
- 24 Trator's treat
- 25 Tuppenware pieces
- 26 Warm-hearted
- 28 When doubted, an engine sound
- 30 Summer center?
- 31 "The Magphisto Waltz" star
- 32 Botsman's blight
- 34 Kottler's crew, in 70's TV
- 36 Elbow
- 38 Players
- 40 Constellation next to Telescopium
- 43 Mount near the Gulf of Catania
- 44 "Voyage in the Dark" novelist
- 45 Bearing

### DOWN

- 1 Kevin Fagan comic strip
- 2 Get back
- 3 Some Hondas
- 4 Frenzies
- 5 — winds
- 6 Take an electronic picture of
- 7 Word sung at a New Year's Eve party
- 8 Message container, maybe
- 9 Fred Astaire's birthplace
- 46 Sette Midter film and song
- 48 Makes harmless, in a way
- 51 1956 hit by Little Anthony and the Imperials
- 54 Family
- 56 Bandleader Shaw
- 58 The "C" of C. S. Lewis
- 57 Part of R.E.O.
- 58 Daws of Hollywood
- 59 Perfecter
- 60 Patronizing term, maybe
- 61 Play the —
- 62 Decorative vessels
- 10 Doughnut's shape
- 11 Large intestine
- 12 Familiarizes with new surroundings
- 13 Income earner's concern
- 21 Founder of the American Shakers
- 22 Scruffs
- 27 Where the Salmon River rises
- 28 "Nice —"
- 31 Hole-making tool
- 32 Even chance
- 33 — Maj
- 34 "Oh My My" singer, 1974
- 35 Money, slangily
- 36 Landing pier
- 37 One who "lov'd not wisely but too well"
- 38 Enter like a burglar
- 40 Travel agent's suggestion
- 41 Staple — (office gizmo)
- 42 They'll appear in tomorrow's paper
- 44 Didn't buy, perhaps
- 45 Velvetleaf or hibiscus, e.g.
- 47 River to the Missouri
- 48 The New Yorker cartoonist
- 50 Sift
- 52 Ore store
- 53 '00, e.g.



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### Solution to Puzzle of May 13

ACROSS  
1 UNADORNED  
2 HEAVY SHOE  
11 LIKE CHOP-SHOP VEHICLES  
14 HAPPEN AGAIN  
15 H.U.D. SECRETARY  
16 NEST-EGG  
17 CAPITAL ON THE GULF OF GUINEA  
18 VOW VERSUS  
19 COUNTERMAND  
20 EXAGGERATED MELODRAMA  
24 LIKE A WASTELAND  
24 TRATOR'S TREAT  
25 TUPPENWARE PIECES  
26 WARM-HEARTED  
28 WHEN DOUBTED, AN ENGINE SOUND  
30 SUMMER CENTER?  
31 "THE MAGPHISTO WALTZ" STAR  
32 BOTSMAN'S BLIGHT  
34 KOTTLER'S CREW, IN 70'S TV  
36 ELBOW  
38 PLAYERS  
40 CONSTELLATION NEXT TO TELESOPHIUM  
43 MOUNT NEAR THE GULF OF CATANIA  
44 "VOYAGE IN THE DARK" NOVELIST  
45 BEARING

### DOWN

1 KEVIN FAGAN COMIC STRIP  
2 GET BACK  
3 SOME HONDAS  
4 FRENZIES  
5 — WINDS  
6 TAKE AN ELECTRONIC PICTURE OF  
7 WORD SUNG AT A NEW YEAR'S EVE PARTY  
8 MESSAGE CONTAINER, MAYBE  
9 FRED ASTAIRE'S BIRTHPLACE  
46 SETTE MIDTER FILM AND SONG  
48 MAKES HARMLESS, IN A WAY  
51 1956 HIT BY LITTLE ANTHONY AND THE IMPERIALS  
54 FAMILY  
56 BANDLEADER SHAW  
58 THE "C" OF C. S. LEWIS  
57 PART OF R.E.O.  
58 DAWES OF HOLLYWOOD  
59 PERFECTER  
60 PATRONIZING TERM, MAYBE  
61 PLAY THE —  
62 DECORATIVE VESSELS  
10 DOUGHNUT'S SHAPE  
11 LARGE INTESTINE  
12 FAMILIARIZES WITH NEW SURROUNDINGS  
13 INCOME EARNER'S CONCERN  
21 FOUNDER OF THE AMERICAN SHAKERS  
22 SCRUFFS  
27 WHERE THE SALMON RIVER RISES  
28 "NICE —"  
31 HOLE-MAKING TOOL  
32 EVEN CHANCE  
33 — MAJ  
34 "OH MY MY" SINGER, 1974  
35 MONEY, SLANGILY  
36 LANDING PIERS  
37 ONE WHO "LOV'D NOT WISELY BUT TOO WELL"  
38 ENTER LIKE A BURGLAR  
40 TRAVEL AGENT'S SUGGESTION  
41 STAPLE — (OFFICE GIZMO)  
42 THEY'LL APPEAR IN TOMORROW'S PAPER  
44 DIDN'T BUY, PERHAPS  
45 VELVETLEAF OR HIBISCUS, E.G.  
47 RIVER TO THE MISSOURI  
48 THE NEW YORKER CARTOONIST  
50 SIFT  
52 ORE STORE  
53 '00, E.G.

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